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INCREASED PRICE OF BREAD IN THE
DISTRICT OF COLUMBIA

HEARINGS

P95-1

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON THE DISTRICT OF COLUMBIA
UNITED STATES SENATE

SIXTY-SIXTH CONGRESS
SECOND SESSION

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S. RES. 358

DIRECTING THE COMMITTEE ON THE DISTRICT OF COLUMBIA
TO MAKE INQUIRY INTO THE PROPOSED INCREASE IN THE
PRICE OF BREAD IN THE DISTRICT OF COLUMBIA

Printed for the use of the Committee on the District of Columbia



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INCREASED PRICE OF BREAD IN THE DISTRICT OF COLUMBIA.

MONDAY, MAY 24, 1920.

UNITED STATES SENATE, SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA, *Washington, D. C.*

The subcommittee met, pursuant to call, at 10 o'clock a. m., in the committee room, Capitol Building, Senator L. Heisler Ball, presiding.
Present: Senators Ball (chairman), Sherman, Capper, and King, of the subcommittee.

Chairman BALL. The committee will come to order.

The subcommittee is to investigate the proposed increased cost of bread in the District of Columbia in accordance with Senate resolution 358, printed in full herewith:

Whereas it is reported that there is to be an increase in the price of bread in the District of Columbia; and

Whereas such increase will place an additional living cost burden upon the people of the District which a great many citizens believe is unwarranted at this time and out of harmony with the nation-wide effort that is being made to stabilize prices: Therefore be it

Resolved, That the Committee on the District of Columbia be, and it is hereby directed to inquire into the facts as to the proposed increase in the price of bread and make such recommendations as the situation warrants.

We will first hear Mr. Corby, president of the Corby Baking Co. of Washington.

STATEMENT OF MR. CHARLES I. CORBY, PRESIDENT, AND MR. HARRY T. PETERS, AUDITOR.

(The witnesses were duly sworn by Chairman Ball.)

Chairman BALL. Mr. Corby, just state your full name.

Mr. CORBY. My full name is Charles I. Corby.

Chairman BALL. What is your business?

Mr. CORBY. President Corby Baking Co.

Chairman BALL. What is the nature of your business?

Mr. CORBY. Bread-baking business.

Chairman BALL. Bread only?

Mr. CORBY. No, sir; bread and cake.

Chairman BALL. You do not make pies?

Mr. CORBY. No, sir; no pies.

Chairman BALL. Is that company incorporated?

Mr. CORBY. Incorporated under the State of Delaware.

Chairman BALL. What year were you incorporated?

Mr. CORBY. 1914.

Chairman BALL. What was your capital when you were first incorporated?

Mr. CORBY. \$850,000.

Chairman BALL. All paid-in capital?

Mr. CORBY. I would like to have my auditor, who has come along, to answer some of those questions.

Chairman BALL. It would be better for Mr. Corby to answer what he can answer, would it not?

Senator CAPPER. Yes.

Chairman BALL. Your capital is \$820,000?

Mr. CORBY. \$850,000.

Senator CAPPER. That is, of the Corby Co.?

Mr. CORBY. Yes, sir.

Senator CAPPER. I see here in your testimony of last fall where you said that you were incorporated for \$350,000. When was that?

Mr. CORBY. No.

Senator CAPPER. It is here on page 602 of the testimony, which reads as follows:

Mr. MILLER. Give the name of your firm and your address.

Mr. CORBY. The Corby Baking Co., Georgia Avenue and Trumbull Street NW.

Then Mr. Harry T. Peters was called in, who said he was the auditor?

Mr. CORBY. Yes, sir.

Senator CAPPER. And you were asked, "Is your business incorporated, Mr. Corby?" and you answered, "Yes, sir."

Mr. MILLER. For how much?

Mr. PETERS. \$350,000.

Mr. MILLER. When was it incorporated?

Mr. PETERS. April 29, 1914.

Chairman BALL. That should be \$250,000, should it?

Senator CAPPER. No; he says now it is \$850,000, but there he said it was \$350,000.

Mr. CORBY. \$850,000. That statement is correct, is it not, Mr. Peters?

Mr. PETERS. Yes, sir. I have a copy of the report I gave giving the figures. The capitalization is given on that at \$850,000. The stenographer evidently misunderstood me, if he made it \$350,000.

Mr. CORBY. Of course, that is not correct. Our statement shows \$850,000 was in the statement.

Chairman BALL. I understand that is corrected, then.

Mr. CORBY. The stenographer evidently got that wrong.

Senator CAPPER. The paid-up capital stock of your company, then, is \$850,000?

Mr. CORBY. \$850,000, yes; was then and still is.

Senator CAPPER. You have brought a statement in response to the committee's request?

Mr. CORBY. Yes.

Chairman BALL. You have a complete statement there?

Mr. CORBY. Yes; we have what we think is a complete statement, and also the figures to substantiate it.

Chairman BALL. Just give a summary of it. We will have the whole thing put in the record, but I would like to have you state just the summary from 1914, the amount of your business, the percentage of profits, etc.

Mr. PETERS. You remember the last time we were here the information that was required was from the time of the starting of the

war, which was really August 1, 1914. The figures we brought were from July 20, 1914, and not for the whole year of 1914. It was for not quite half a year.

Chairman BALL. You have the figures now from the time you started in the Corby company?

Mr. CORBY. No; we only have the figures as requested, from the beginning of the war, which was July 20, 1914. That is the statement I have prepared here.

Chairman BALL. Of course, we would like to have some comparison with the time before the war.

Mr. CORBY. We have a comparison here that we think will be——

Chairman BALL. Will you prepare that statement and send it to the committee?

Mr. CORBY. Yes.

Chairman BALL. For the previous year?

Mr. CORBY. Yes.

Chairman BALL. Go ahead and take it up from what you have got.

Mr. CORBY. You have in your records now, I believe, figures and charts showing the operations of the Corby Baking Co. from June 16, 1914, to July 21, 1919, inclusive. I have with me charts showing similar operations of the bread department of this company from January 6, 1919, up to and including May 17, 1920.

You will note that the average bread profits from January 6, 1920, up to and including April 26, 1920, which was the last date on which our books were closed, amounted to 3.4 per cent of our sales. These profits, compared with profits during previous years, are as follows:

The latter half of the year 1914 the average bread profits were 11.45 per cent of sales; in the year 1915, 6.63 per cent; in the year 1916, 8.43 per cent; in the year 1917, 9.57 per cent; in the year 1918, 9.21 per cent; and in the year 1919, 8.4 per cent.

The average percentage of profits to sales being, during that period from June 16, 1914, to January 5, 1920, inclusive, 8.6 per cent of sales.

We have figured our profits for one week after our last increase in price of bread, being the week of May 17, 1920, with the result that our figures show 3.7 per cent profit on our sales of bread.

Comparing the year 1920 with corresponding periods of the year 1919 we arrive at the following results, each expressed in percentage to sales. We have, first, the flour cost: January 5, 1920, 43 per cent, compared with January 6, 1919, 39 per cent; March 1, 1920, 41 per cent, compared with March 3, 1919, 40 per cent; March 29, 1920, 42 per cent, compared with March 31, 1919, 38 per cent.

Chairman BALL. What do these percentages represent?

Mr. PETERS. They represent the cost of the flour in a loaf of bread compared with the price we get for it, the sale price.

Chairman BALL. That is the percentage of actual cost of the material in the bread?

Mr. PETERS. The flour in the bread.

Chairman BALL. Flour only?

Mr. CORBY. Yes, sir. We have the total in the next item.

Mr. PETERS. We separated the flour cost, because that seemed to be——

Senator KING. Have you any figures there showing the relative increase in the price of flour between those dates?

Mr. CORBY. Yes, sir.

Chairman BALL. I thought we would come to that later.

Mr. CORBY. April 26, 1920, 46 per cent, compared with April 28, 1919, 38 per cent; May 17, 1920, 43 per cent, compared with May 26, 1919, 40 per cent.

Now, this next is the total.

Senator CAPPER. That part of the cost of the bread is represented by the flour, is that right?

Mr. CORBY. Yes, sir. This next is the total ingredients cost.

Chairman BALL. Not including labor, just the actual ingredients?

Mr. CORBY. No, sir.

Senator CAPPER. You have not got the total on labor?

Mr. CORBY. No; I have not got the labor here. I have got the total ingredients and the other total expenses, and the total profits.

Chairman BALL. We want to understand what you are giving. We want the total as it is there. We want to understand as we go along.

Mr. CORBY. The total ingredients are as follows: January 5, 1920, 60 per cent——

Senator CAPPER. Is that including flour?

Mr. CORBY. That is including flour, all ingredients. January 5, 1920, 60 per cent, compared with January 6, 1919, 54 per cent; March 1, 1920, 59 per cent, compared with March 3, 1919, 53 per cent; March 29, 1920, 59 per cent, compared with March 31, 1919, 53 per cent; April 26, 1920, 63 per cent, compared with April 28, 1919, 53 per cent.

Senator CAPPER. Why did you select those particular figures, April 28?

Mr. PETERS. That is our closing period. We close our books every four weeks, which makes 13 periods in a year.

Chairman BALL. That percentage is struck from the actual selling price of your bread now?

Mr. CORBY. Not now, but at those dates.

Chairman BALL. I mean at the various dates given dates given?

Mr. CORBY. That is right.

Chairman BALL. Fifty-three per cent is the total percentage of the cost of the ingredients in the bread?

Mr. CORBY. Yes, sir.

Chairman BALL. The percentage is taken from the selling price of the bread at that time?

Mr. CORBY. Yes, sir; that is right. May 17, 1920, 59 per cent compared with May 26, 1919, 55 per cent. Total expenses——

Chairman BALL. Have you the labor there separate?

Mr. CORBY. No; I have not.

Mr. PETERS. We are not giving the labor.

Senator CAPPER. That is included in the total expenses; that includes labor?

Mr. CORBY. Yes, sir. The total expenses include labor and all other expenses?

Senator CAPPER. What other expenses?

Mr. CORBY. All expenses, including your ingredients, all your labor all the way through, and all the materials.

Chairman BALL. Let us understand that thoroughly. Your total expenses include labor, rental, fuel, the ingredients in the bread, and all other expenses connected with your business; is that right?

Mr. CORBY. Yes, sir.

Chairman BALL. All right, go ahead.

Mr. CORBY. Total expenses: January 5, 1920, 98 per cent, compared with January 6, 1919, 88 per cent.

Senator CAPPER. Well, now, 98 per cent of what?

Mr. CORBY. The sale price.

Senator CAPPER. That leaves a margin of 2 per cent?

Mr. CORBY. Yes. March 1, 1920, 95 per cent, compared with March 3, 1919, 85 per cent; March 29, 1920, 95 per cent, compared with March 31, 1919, 88 per cent; April 26, 1920, 98 per cent, compared with April 28, 1919, 87 per cent; May 17, 1920, 96 per cent, compared with May 26, 1919, 88 per cent.

Chairman BALL. Was there any change in the price of bread at the times given? Was that before you made this recent advance in the price of bread?

Mr. CORBY. Yes; these are all——

Mr. PETERS. All except the last one, May 17, 1920.

Mr. CORBY. All except this last one, May 17.

Chairman BALL. Tell me why your percentage of cost was increased? Was it in the labor, or was it in the price of flour, or what?

Mr. PETERS. Well, the increase in the percentage of cost is due to the gradual increase in the cost of everything, flour included.

Chairman BALL. Now, go ahead. What constitutes this increase in the cost of bread from 1919, say May 20, to May 20, 1920? Has there been any increased cost of labor during that time?

Mr. PETERS. Yes; there was one increase in the cost of labor. I think it was May 1, 1919. Is that right, Mr. Corby?

Mr. CORBY. Yes.

Chairman BALL. You see, this takes it from May 20, so that increase of the cost of labor at that time was not figured?

Mr. CORBY. We have an increase in labor practically on the 1st of May of each year, and the question I understood you asked covered from the 20th of May, 1919, up to the 20th of May, 1920. Of course, that would take in the increase in wages both in 1919 and 1920.

Senator CAPPER. When was the last increase in labor?

Mr. CORBY. May 1, 1920.

Mr. PETERS. 2.1 per cent of our sales.

Senator CAPPER. I would rather know in dollars and cents rather than in percentages. I can not get anywhere with this percentage business. Tell me in dollars and cents how much the baker was increased, and then I suppose your delivery wagons.

Chairman BALL. I would like to suggest that these questions be answered directly by Mr. Corby, and where Mr. Corby can not answer he can refer to Mr. Peters to answer them, but we will question Mr. Corby at this time.

Senator CAPPER. We would like to know what advance in wages was made on May 1, 1920.

Mr. CORBY. The bakers in 1919 were receiving \$5.12 a day for day work and \$5.92 for night work.

Chairman BALL. That was May 1, 1919?

Mr. CORBY. Yes, May 1, 1919; \$5.12 a day for day work and \$5.92 for night work. On May 1, 1920, 90 cents an hour, or \$7.20 a day for day work and \$8.80——

Senator CAPPER. Are all the baking concerns in the city paying that scale now?

Mr. CORBY. Yes, sir.

Senator CAPPER. Now, you have a great many distributing wagons, I believe?

Mr. CORBY. I have not got that right yet. In 1920, \$7.20 for day work and for night work \$8.80.

Chairman BALL. What difference does that make in a complete day's work per day?

Mr. CORBY. I figure that is \$4.96 a day increase.

Chairman BALL. That would not be correct.

Mr. CORBY. Figure it out.

Senator CAPPER. How many bakers do you employ?

Mr. PETERS. That would be \$2.48 a day.

Chairman BALL. A difference of \$2.48?

Senator CAPPER. Increase over last year?

Mr. CORBY. Over last year.

Senator CAPPER. That applies to all your bakers?

Mr. CORBY. Yes, sir.

Chairman BALL. I understood you to say that was the bakery labor?

Mr. CORBY. That is bakers.

Chairman BALL. That does not include your labor for drivers and outside?

Senator KING. He answered that that was the bakers.

Chairman BALL. The Senator's question was all labor. Draw that distinction.

Senator CAPPER. Do you pay all of your bakers on this union scale?

Mr. CORBY. Yes, sir; and, of course, time and half time overtime.

Senator CAPPER. How many bakers do you employ?

Mr. CORBY. I can not tell you that. I should say—

Senator CAPPER. You can give us approximately, can you not?

Chairman BALL. Mr. Peters, can you answer that question?

Mr. PETERS. About 78, is my recollection.

Senator CAPPER. How many distributing wagons have you, about?

Mr. PETERS. Eighty-seven.

Senator CAPPER. Now, you sell retail as well as wholesale, do you?

Mr. CORBY. No, sir; all wholesale.

Senator CAPPER. These drivers are also salesmen, are they not?

Mr. CORBY. Yes, sir.

Senator CAPPER. On what basis are they paid?

Mr. CORBY. Ten per cent on sales.

Senator CAPPER. Are they strictly on a percentage basis?

Mr. CORBY. Yes, sir.

Senator CAPPER. Is that 10 per cent this year the same as it was last year?

Mr. CORBY. Yes, sir.

Senator CAPPER. What would their earnings average, the drivers of those wagons?

Mr. CORBY. I can not give you that figure definitely at the present time. Last year it was running on an average around \$76, I remember.

Senator CAPPER. The average driver got \$76 a week?

Mr. CORBY. Yes. That is not absolutely, but that is what I remember checking it up with one at that time, but whether it averages throughout the year or not, I can not say.

Senator CAPPER. Some of them will run better than that?

Mr. CORBY. Yes.

Senator CAPPER. What would be the high figure per week for a driver?

Mr. PETERS. Between \$125 and \$130 a week.

Senator CAPPER. \$125 a week? That is pretty good compensation, don't you think, and you have 103 drivers?

Mr. CORBY. Ninety-three.

Mr. PETERS. No, sir; 93.

Senator CAPPER. Do the other bakers in the city, the baking concerns, operate on that plan also?

Mr. CORBY. Yes, sir; with the exception of the retail men, who pay 15 per cent.

Chairman BALL. The retail man pays 15 per cent?

Mr. CORBY. Yes, sir.

Chairman BALL. In what way?

Mr. CORBY. That is the union scale.

Chairman BALL. He pays you 15 per cent of his actual sales?

Mr. CORBY. Yes, sir.

Chairman BALL. You fix the price, do you?

Mr. CORBY. No, sir.

Mr. PETERS. That is misunderstood.

Mr. CORBY. Senator Capper asked if all the other bakers in Washington are paying the same percentage to their salesmen. All the wholesale bakers do, but the retail bakers pay 15 per cent to their salesmen. The retail salesman is one who goes from house to house.

Chairman BALL. You did not catch my point. I have received a number of letters saying that you will not permit any change in the figure that you fix for the selling of your bread; that you fix your price, and that if they undersell your price you will not permit them to sell your bread; is that correct?

Mr. CORBY. Who is this?

Chairman BALL. Well, I just asked if that is correct.

Mr. CORBY. You are talking about the salesman?

Chairman BALL. The salesman; yes.

Mr. CORBY. Well, the salesman—sure, they go out and get our price. They are not allowed to cut prices.

Senator KING. That is your own salesmen?

Mr. CORBY. Yes.

Chairman BALL. I am talking about the retail man that sells your bread. Is he allowed to fix his own price?

Mr. CORBY. They do, yes; they fix their own price.

Chairman BALL. And you will permit the wholesale man to sell and deliver your bread if they do cut prices?

Mr. CORBY. No, sir.

Chairman BALL. In other words, you maintain your price for all the retail men who handle your bread? Your instructions to your wholesale man is not to supply those people with bread if they retail it for a less price than you have fixed as the retail price?

Mr. CORBY. No, sir; we do not fix the retail price; no, sir.

Senator KING. When you gave an answer a moment ago that you did fix the retail price, you did not so intend, is that it?

Mr. CORBY. Yes, sir.

Senator KING. I understood your answer to the Senator specifically to mean that you did fix the retail price.

Mr. CORBY. No, sir; we do not.

Senator KING. Do these wholesalers fix the retail price under your instructions?

Mr. CORBY. No, sir; we do not.

Senator KING. Have you anything to do with the retail price?

Mr. CORBY. No, sir.

Senator KING. Have you given any instructions to the wholesalers that they must fix the retail price?

Mr. CORBY. No, sir.

Senator KING. Or fix the price at which the retailer was to sell?

Mr. CORBY. No, sir.

Senator KING. Or fix a price at which the wholesaler must sell?

Mr. CORBY. No, sir.

Senator KING. You do not control or seek to control, then, the sale price of your bread after it leaves your possession?

Mr. CORBY. No, sir.

Senator KING. But you fix a price for your sellers?

Mr. CORBY. Yes, sir.

Senator KING. So that one seller will not sell cheaper to one wholesaler than another of your drivers does?

Mr. CORBY. No, sir.

Senator KING. You have a uniform price for your bread to all of your purchasers?

Mr. CORBY. Yes, sir.

Senator KING. You mentioned something about the union fixing the price. What did you mean by that?

Mr. CORBY. The union fixes the price they want for wages. We make a contract from year to year, and it expires on the last day of April of each year, and a new contract starts on the 1st of May.

Senator KING. Well, I understood you to say that the union fixed the price of the commission which the retail driver shall be paid.

Mr. CORBY. That is the salesmen's union that fixes the price.

Senator KING. Do they prevent the retailer or wholesaler from paying a per diem instead of a commission?

Mr. CORBY. I do not understand your question.

Senator KING. Would a retailer who was disposed to sell his bread be permitted to pay his employees a daily wage instead of a commission wage?

Mr. CORBY. You are talking about the retail baker?

Senator KING. Yes.

Mr. CORBY. He would, provided there is a minimum salary that a baker can receive—I should say a salesman can receive, but practically I do not believe any of them are to-day receiving that minimum salary. They are practically all over that. I believe that the minimum salary at the present time is \$25 a week, \$20 or \$25.

Senator KING. Then the salesmen employed by the wholesalers and by the retailers are paid a certain commission fixed by the union?

Mr. CORBY. Yes, sir.

Senator CAPPER. Ten per cent for the wholesaler, and 15 per cent for the retailer?

Mr. CORBY. Yes, sir.

Senator CAPPER. Do you not think that this distributing system you have, which seems to cost anywhere, for your driver salesmen, from \$75 to \$130 a week, is a rather expensive system of distribution?

Mr. CORBY. Well, that is something we have nothing to do with. We have to employ labor, and the labor organizations say what we shall pay.

Senator CAPPER. Is that system employed in most large cities?

Mr. CORBY. Yes, sir.

Senator CAPPER. They work on a percentage basis?

Mr. CORBY. Yes, sir.

Senator CAPPER. Is that commission paid in other cities usually? How does that commission compare with that paid in other cities?

Mr. CORBY. I presume it is about on an average. I believe in Indianapolis it is only 5 per cent. In some cities it is 8 per cent, and in a great many of them 10 per cent.

Senator KING. Then, there is a commission paid by you as a manufacturer, a commission apaid by the wholesaler in selling to the retailer, and then a commission paid by the retailer in selling to the ultimate consumer; is that right—three commissions?

Mr. CORBY. The wholesale baker pays a commission to his salesmen to sell bread to the retail grocer. Then, of course, the grocer makes his profit.

Senator KING. Do the retailers usually have commissioned employees too?

Mr. CORBY. The retail bakers?

Senator KING. Yes.

Mr. CORBY. Yes, sir; to whom they pay 15 per cent.

Mr. PETERS. I think you have in your mind the retailer as the man who handles the bread that is manufactured by the wholesaler?

Senator KING. No; I was classifying the vendors into three classes, first, the producer, and Mr. Corby is that—

Mr. PETERS. Well, the producer and the wholesaler are the same.

Senator KING. I thought Mr. Corby distributed to the wholesaler, and then the wholesaler sold to the retailer.

Mr. PETERS. No.

Chairman BALL. Your 98 per cent then is entirely within your own plant?

Mr. CORBY. Yes, sir.

Chairman BALL. Sixty per cent of that comprises the contents of the bread?

Mr. CORBY. Yes, sir.

Chairman BALL. That leaves 38 per cent for the overhead charges of your plant and labor?

Mr. CORBY. And labor; yes, sir.

Chairman BALL. What salaries do the officials of the company receive?

Mr. CORBY. My salary is \$25,000 a year. That has been the same salary from the time we incorporated. There has been no increase in that.

Chairman BALL. Then the president gets \$25,000?

Mr. CORBY. Yes, sir.

Chairman BALL. What does the secretary get?

Mr. CORBY. The secretary gets \$2,600.

Chairman BALL. What are the officers of your company?

Mr. CORBY. President, vice president, secretary, and treasurer.

Chairman BALL. What does the vice president get?

Mr. CORBY. What is his salary?

Mr. PETERS. \$5,200.

Mr. CORBY. \$5,200.

Senator KING. Does he perform any duties?

Mr. PETERS. Yes, sir.

Senator KING. Is he actually engaged in the business?

Mr. PETERS. Yes, sir.

Senator KING. He gives all of this time to it practically?

Mr. PETERS. Yes, sir.

Senator KING. You give all of your time?

Mr. CORBY. Yes, sir.

Senator KING. And the secretary gives all of his time?

Mr. CORBY. Plenty of it.

Chairman BALL. These salaries, together with the salaries paid the bakers, make up that 38 per cent, together with rental of your building?

Mr. CORBY. Explain what those different items are.

Mr. PETERS. We have no rental charge in our building.

Chairman BALL. You could not separate those, the salaries of the bakers?

Mr. PETERS. Ten per cent.

Chairman BALL. The rental charges?

Mr. PETERS. The cost of the baker is 10 per cent.

Chairman BALL. And the salaries of your officials? Could you give those?

Mr. PETERS. Yes, sir. Do you want that in percentages?

Chairman BALL. Yes.

Senator CAPPER. No; I do not see how you can tell anything here by percentages.

Chairman BALL. We would like to have the amounts if we can get them.

Mr. PETERS. I can give them.

Chairman BALL. The total expense of your plant for the production of bread is 98 per cent of the amount of sales. Sixty per cent of that 98 per cent is included in the contents of the bread?

Mr. PETERS. Yes, sir.

Chairman BALL. We would like to know how the other 38 per cent is made up.

Mr. PETERS. The other 38 per cent is made up in oven fuel, depreciation of machinery, officers' salaries, office salaries, operating labor, and by that I mean janitors, porters, the fellows that haul in the flour, taxes, not income taxes, office expenses, insurance.

Chairman BALL. Are the income taxes included in that?

Mr. PETERS. No, sir.

Senator CAPPER. That includes this 10 per cent that you paid for distribution, for the salesmen drivers?

Chairman BALL. They do not pay them.

Mr. PETERS. Sure, we do pay them.

Chairman BALL. You do pay them?

Mr. PETERS. Yes, sir; 10 per cent to the drivers.

Chairman BALL. Then you have only got 28 per cent to make up.

Mr. PETERS. And when you take 10 per cent more off for labor you have only got 18 per cent to make up.

Senator CAPPER. The hire of labor is 28 per cent?

Mr. PETERS. No; the bakeshop labor is now figured at 10.1 per cent of our sales.

Senator CAPPER. You want to add 10 per cent for selling it after it leaves the shop, is that the idea?

Mr. PETERS. I have not kept up with the figures.

Chairman BALL. What per cent do you pay the bakers?

Mr. PETERS. Ten and one-tenth per cent it figured out for a week at the new price.

Senator CAPPER. What I would like to bring out is the distinction between the labor that you pay for the actual production of the loaf, and then the cost of the labor for selling, for distribution, after it leaves your shop.

Mr. PETERS. The labor for producing, and by that I mean for bakers and bakers' helpers, is 10.1 per cent of our sales. The drivers or salesmen get 10 per cent, making for that cost 20.1 per cent.

Senator CAPPER. Then practically half of your labor cost is after the loaf is produced and leaves your shop?

Mr. PETERS. That includes a lot of the labor besides the bakeshop labor. We have men repairing automobiles, blacksmiths, painters, carpenters, and engineers.

Senator KING. How many employees have you?

Mr. PETERS. I think it is 442.

Senator KING. Would they be inclusive of your executive force, bookkeepers and all?

Mr. PETERS. I do not remember now whether that includes the bookkeepers or not. I have the figures of 325, but I do not remember now whether it included the executive and clerical force or not.

Senator KING. Ten per cent and a little more would go to the 93 men that were employed as bakers?

Mr. PETERS. The salesmen are 93, and I think the bakers are 78. You understand I am quoting from memory all along on these figures that I give. I do not know whether it is 78 or 73. It is somewhere around there.

Senator KING. What is the entire cost for labor, what percentage, leaving out the compensation of your executive force, and by that I mean the president, vice president, and secretary?

Mr. PETERS. The entire cost of labor, that is for the period ended April 26—

Senator KING. Leave out all after the president, because there seems to be no controversy about the propriety there.

Mr. PETERS. You say you want to leave out the executive and clerical?

Senator KING. No; just leave out the president, and see what the cost of labor is.

Mr. PETERS. Leave out the president?

Senator KING. Yes.

Mr. PETERS. Do you want to include the salesmen?

Senator KING. Yes, everything.

Mr. PETERS. There is some labor I have here included in delivery expense, and by that I mean men we have repairing automobiles, but

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I have not the labor on that separate. I have it simply as delivery expense.

Senator KING. That is all right. Put that in. That is a part of your expense.

Mr. PETERS. But what I mean is that the item I have here is more than labor.

Senator KING. Including the repair of automobiles?

Mr. PETERS. It includes gasoline, oil, and tires.

Senator KING. That is what I want to get, the cost going into the production of the bread and the selling of it.

Mr. PETERS. You said labor. I thought you wanted just labor.

Senator KING. I was in error there.

Mr. PETERS. We have that figure here, and have already read it out. Do you want the total in dollars and cents, or percentage?

Senator KING. Well, I do not care whether it is dollars and cents, or percentages, or both.

Mr. PETERS. The total expenses were 98 per cent.

Senator KING. Now, what does that include?

Mr. PETERS. The total ingredients were 63 per cent. The bakeshop labor for that particular period—of the 98 per cent the bakeshop labor was 8.26 per cent, and at the present time it is 10.1 per cent. That was before May 1, the new contract.

Senator KING. When you say bakeshop, does that mean anything besides the bakers?

Mr. PETERS. And helpers.

Senator KING. Just 10.1 per cent of all of the receipts from the sales go to the bakers and their helpers?

Mr. PETERS. Yes, sir.

Senator KING. How many men are there?

Mr. PETERS. I think there are 93.

Senator KING. So 93 men get 10.1 per cent of every dollar that comes in to the company?

Mr. PETERS. Now, you said bakers before, and I said 93. Now, the bakers and the helpers are more than that. The bakers and the helpers would amount to 190.

Senator KING. Those 190 men, then, get 10.1 per cent of every dollar that comes in?

Mr. PETERS. That is the idea.

Chairman BALL. How many are there—190?

Mr. PETERS. There are 190—somewhere around there. We can give you that in exact figures.

Senator KING. You correct your notes and put in that figure when you get them.

Mr. PETERS. Shall I make a note to mail that to you?

Senator KING. Just hand it to the chairman. Go ahead.

Chairman BALL. That would give them over \$16,000 apiece.

Mr. PETERS. Give who over \$16,000?

Chairman BALL. If there are 121 men who receive 10 per cent—no, that is about \$1,600 apiece.

Mr. PETERS. Wrapping expenses and office expenses, oven fuel, depreciation on machinery, amount to 1.67 per cent.

Senator KING. That includes depreciation on machinery?

Mr. PETERS. Yes, sir.

Senator KING. And fuel, you say?

Mr. PETERS. Oven fuel. We separate our fuel between oven fuel and steam. Executive and clerical salaries amount to 2.3 per cent.

Senator KING. How many employees are there in all of your executive, clerical, and bookkeeping force, etc?

Mr. PETERS. Twenty-two. Operating labor, $1\frac{1}{2}$ per cent.

Senator KING. What is included in operating labor?

Mr. PETERS. Engineers, porters, janitors.

Senator KING. How many of those?

Mr. PETERS. Thirty-six.

Senator KING. Well, you have a number of employees under the head of operating labor.

Mr. CORBY. Yes.

Senator KING. What do they embrace?

Mr. PETERS. They embrace engineers, porters, janitors, and firemen.

Senator KING. Any others, sweepers and cleaners?

Mr. PETERS. Yes; all those fellows, porters, we call them.

Senator KING. 1.05 per cent?

Mr. PETERS. $1\frac{1}{2}$ per cent. Taxes, just about a tenth of that, fourteen-hundredths of 1 per cent.

Senator KING. Fourteen-hundredths of 1 per cent?

Mr. PETERS. Yes; that is, not including income tax.

Other general overhead expenses, which includes insurance and interest, and office expenses——

Senator KING. What is embraced in office expenses?

Mr. PETERS. Stationery, telephone, and things like that. Depreciation on buildings, 3.13 per cent; drivers' commissions, 10 per cent.

Senator KING. What do you mean by that?

Mr. PETERS. Salesmen's commissions, 10 per cent. I call them drivers. Other delivery expenses, 8.73 per cent, which means repairing automobiles, shoeing horses, gas and oil, horse feed, harness repairing, and that is practically all the larger items.

Senator KING. That is a part of your sales expense?

Mr. PETERS. A part of the delivery expense; yes. I think that will add up 98 per cent, or nearly that.

Senator KING. Is not that a pretty heavy expense for your auto and for your delivery expense?

Mr. PETERS. No, sir.

Senator KING. 8.73 per cent?

Mr. PETERS. No, sir.

Senator KING. How many autos do you have?

Mr. PETERS. Forty-four.

Senator KING. How many horses?

Mr. PETERS. Well, I do not know. I would not like to say, even approximately, without seeing the figures. I would say, though, around about 50. Is not that about what we have in horses?

Mr. CORBY. Somewhere close to 60.

Senator KING. That is quite a great expense, it seems to me, to get it from the manufacturer to the consumer, or to the retailer, 10 per cent for commissions and 8.73 per cent for your autos and your instrumentalities employed in the delivery. That is nearly 20 per cent.

Mr. PETERS. Let us check it over and see whether it averages up to 98 per cent.

Senator KING. Ten per cent you pay for bakers and their helpers; 1.67 per cent you pay for oven fuel and depreciation on machinery and a number of other items which you gave and I will not repeat; 2.3 per cent for executive and clerical expenses, for from 17 to 20 employees; 1½ per cent for operating labor—

Mr. PETERS. Clerical salaries; that is, not clerical expenses.

Senator KING. Clerical salaries; yes. Operating labor, including engineers, porters, janitors, sweepers, cleaners, firemen, and so on, 1½ per cent?

Mr. PETERS. Yes.

Senator KING. Taxes, exclusive of income tax, fourteen one-hundredths of 1 per cent.

Mr. PETERS. Yes.

Senator KING. For general overhead expenses, including insurance, interest, office expenses, stationery, telephone, etc., and depreciation on buildings, 3.13 per cent; 10 per cent commissions to salesmen, and 8.73 per cent for other delivery expenses, including the repair of automobiles, horse feed, oil, gas, harness, etc.

Mr. PETERS. That figures out 97.3 per cent. I might have made a mistake in a fraction somewhere.

Chairman BALL. Go on with your statement, now, Mr. Corby.

Mr. CORBY. Total profits: January 5, 1920, 2 per cent, compared with January 6, 1919, 12 per cent.

Senator CAPPER. That is the profit for what period? Covering a year?

Mr. CORBY. No; a four-weeks' period.

Chairman BALL. That is the profit on your sales?

Mr. CORBY. Yes, sir.

Senator KING. Have you figured what profit that would be on your capital invested?

Mr. CORBY. No, sir. March 1, 1920, 5 per cent, compared with March 3, 1919, 15 per cent; March 29, 1920, 5 per cent, compared with March 31, 1919, 12 per cent; April 26, 1920, 2 per cent, compared with April 26, 1919, 13 per cent; May 17, 1920, 3.7 per cent, compared with May 26, 1919, 12 per cent.

It may be interesting to note that the average present cost price to us of flour, \$13.33 a barrel, is an increase of 215 per cent over the price of flour on July 20, 1914, of \$4.23 a barrel, while our average increase in sales price, taking into consideration our last increase, is only 140 per cent over the price prevailing on July 20, 1914.

The average profit for 1919 of 8.4 per cent on sales equals, per loaf of 7 cents, \$0.00568.

The profit for the week of May 17, 1920, of 3.7 per cent on sales, per loaf of \$0.08½, \$0.003145, or a reduction in profit per loaf of \$0.002535.

Senator KING. Would that profit exclude the income tax of the corporation, but not of the individual?

Mr. CORBY. It is in there.

Chairman BALL. In 1918 your percentage was 9.21 per cent on sales. What percentage is that on your capital stock that was paid in, your money invested?

Mr. CORBY. I do not know.

Chairman BALL. I figure it about 21 per cent; is that correct?

Mr. CORBY. I do not know what it would figure. We only figure on sales. We always figure on sales.

Senator CAPPER. In the statement you filed here in the last hearing you had these figures:

The bread sales during 1918 amounted to \$1,953,792.04. The profits on bread during 1918 amounted to \$180,049.58, or 9.21 per cent of sales.

That was for the year 1918. Now, have you brought figures here that will give us that information for 1919?

Mr. PETERS. In 1918 you say it is given there as 9.21 per cent?

Chairman BALL. You only give percentages.

Senator CAPPER. As far as I am concerned, I would like to have the total amount for 1919.

Chairman BALL. The percentages in 1919 were very large.

Mr. PETERS. In the first part of 1919.

Mr. CORBY. The first part.

Mr. PETERS. The average for the year was only 8.4 per cent.

Mr. CORBY. The average for the year was 8.4 per cent.

Mr. PETERS. Let me show you that in a chart which I think will bring it out a little clearer than any other way.

Senator KING. 8.4 per cent on sales?

Mr. PETERS. On sales. This is a continuation of the chart which I believe you have in your book there. Apparently we had a good profit in the first part of 1919, and then it began to go down.

Senator CAPPER. Have you brought figures for 1920, up to May 1?

Mr. PETERS. Up to April 26.

Mr. CORBY. Ending May 17.

Mr. PETERS. I have not the figures on that. I have just the percentages.

Senator CAPPER. We did not get our figures for 1920 brought up to date.

Mr. PETERS. That chart brings them up to date. I will leave the figures with you, if you want them.

Senator CAPPER. You will complete those figures and send them to the committee?

Mr. PETERS. They are complete now, up to April 26.

Mr. CORBY. You also want the figures from April 26 up to May 17?

Mr. PETERS. Our next closing period will be May 24, to-day.

Chairman BALL. You can give us those figures?

Mr. PETERS. We can give you those figures after we close our books and get our report out. I did not put one week on here because this was a period proposition, four weeks to a period.

Senator CAPPER. You are giving the cost, as I understand the statement, which will correspond to this statement you made last August.

Mr. PETERS. Yes.

Senator CAPPER. That will bring it up to date?

Mr. CORBY. Yes, sir.

Mr. PETERS. As a matter of fact, you have down to the period of July 21, 1919. That is an exact copy of what you had.

Chairman BALL. Why was this great increase in April when your advance in price was not until May? For instance, take April 26; from March 29 to April 26 the flour cost you 93, your ingredients 129, and your bake shop was 16.

Mr. PETERS. The difference in sales.

Chairman BALL. Why was your profit less?

Mr. PETERS. We went into a higher priced flour than we were using before. The price of flour is gradually going up, or has been going up right along.

Chairman BALL. What was the change in the price of flour from March to April?

Mr. PETERS. I thought I had it figured. I just brought the chart, but it was \$12.76 and in April it was \$13.33.

Senator CAPPER. Per barrel of flour?

Mr. PETERS. Per barrel.

Senator CAPPER. What is it now?

Mr. PETERS. The average cost is \$13.33.

Senator CAPPER. I have got a telegram here from out in Kansas, where they make a good deal of flour, offering to deliver from one to three cars of straight flour to Washington at \$12.50 per barrel.

Mr. CORBY. Straight flour is the commonest flour that is made.

Senator CAPPER. You could not use that?

Mr. CORBY. No, sir.

Senator CAPPER. You are now paying what?

Mr. PETERS. Our average price is \$13.33.

Chairman BALL. What was the advance in price from March 29 to April 26?

Mr. PETERS. About 60 cents, I think it was.

Chairman BALL. You did very much more business between March 29 and April 26 than you did in any previous month?

Mr. PETERS. Yes, sir.

Chairman BALL. But your profits show less than one-half?

Mr. PETERS. Yes, sir.

Chairman BALL. And there was no increase in the salaries of your men at that time. The raise in salaries did not come until May?

Mr. CORBY. May 1.

Mr. PETERS. I am sorry I did not bring that list along. I have a list which shows the price of flour from July, 1914, by periods, all the way up to date. I only brought the chart with me.

Mr. CORBY. You also asked us to answer for the Havenner Baking Co.

Senator CAPPER. What did you say was the average price for flour?

Mr. CORBY. \$13.33. Some of that flour to-day will cost at least \$16.

Senator CAPPER. \$16.

Mr. CORBY. Yes, sir.

Senator CAPPER. Now, last July did you show what you were paying, and along in last December?

Mr. PETERS. \$11.71. That is in your figures, Senator. Is it \$11.71 or \$11.74?

Senator CAPPER. Last year it is \$11.54, and you had as high as \$11.95 here that you were paying.

Mr. PETERS. I knew I had given the figures showing the flour price from July 20, 1914, up to date, when I was here last time, last August.

Senator CAPPER. Is your volume increasing?

Mr. CORBY. Gradually increasing.

Senator CAPPER. Increasing?

Mr. CORBY. Yes, sir. Of course, from now until about the middle of September it will gradually decrease on account of people going away for the summer, and people eating less during the warm months. In the fall and spring are the heaviest months.

Senator CAPPER. But figuring on a year's business, you are doing more?

Mr. CORBY. Yes, sir.

Senator CAPPER. Now, I see here you testified last July that your profits on bread during 1918 amounted to \$180,049.58, and I see by this report that your profits for 1919, for the same department, was \$191,392.06. Do you think that under the showing you make here you are justified in advancing the cost of bread to the consumer?

Mr. CORBY. Our figures certainly do show it.

Senator CAPPER. Yet your company made more money last year than the year before?

Mr. CORBY. We are doing more business.

Senator CAPPER. You say that the advance in the price of bread figures about what per cent?

Mr. CORBY. It would vary on the different kinds of bread. On the majority of our bread it would run only 5 per cent in actual advance. Of course, on the whole it is more than that, but on the majority of our bread—

Senator CAPPER. You sell more of what you call your "Mother's Bread?"

Mr. CORBY. Yes, sir.

Senator CAPPER. What do you get for it now?

Mr. CORBY. Eight and one-half cents.

Senator CAPPER. You sell it to the retailer at 8½ cents?

Mr. CORBY. Yes, sir.

Senator CAPPER. For what size loaf?

Mr. CORBY. It scales 15 ounces, and bakes 13 ounces.

Senator CAPPER. That is, you sell the retailer a 13-ounce loaf of bread for 8½ cents?

Mr. CORBY. Yes, sir.

Senator CAPPER. What was it before the advance?

Mr. CORBY. It was 7 cents for 11 ounces of bread.

Senator CAPPER. I think you testified here before that you were making—

Mr. CORBY. Well, we scale it up and down according to the increase in the cost of labor and material, and general expenses.

Senator CAPPER. Then you vary the weight of the bread?

Mr. CORBY. We vary the weight of the bread just as long as we can without increasing the price. We believe that is the best policy.

Senator CAPPER. During the last year how often have you changed the weight of the bread?

Mr. CORBY. Probably just once during the last year.

Senator CAPPER. But it was an 11-ounce loaf?

Mr. CORBY. Eleven ounces. Before that it was a 12-ounce loaf. We changed from the 12-ounce to the 11-ounce back in February, at which time we went to the chairman of the fair-price committee, who used to function the same as the head of the local food administrator, and told him what we were going to do; that we were going to decrease our loaf of bread 1 ounce in weight. We also told the Department of Justice along in March that we were doing it, and we

told the sealer of weights and measures on the 26th of April that we were doing it, so all the public departmental officials had notice what we were doing, and why we were doing it.

Senator CAPPER. I see here in your testimony in July you said, or Mr. Peters said:

We have been running a 12-ounce loaf now since July 22, 1918, regardless of the increase in the price of flour.

That was evidently a mistake; at least if it has been 11 ounces.

Mr. CORBY. Well, the change to 11 ounces is since that testimony.

Senator CAPPER. When did you change to 11 ounces?

Mr. CORBY. In February some time.

Senator CAPPER. Now you are up to 13 ounces?

Mr. CORBY. Thirteen ounces; yes, sir; 2 ounces more.

Senator CAPPER. Have you ever had any complaint as to the size of your loaf or as to whether it is full weight or not? Has there been any complaint from the department of weights and measures?

Mr. CORBY. No, sir.

Senator CAPPER. You spoke of the fair-price committee, and of the fact that this increase in price you say was authorized by this fair-price committee?

Mr. CORBY. Yes, sir.

Senator CAPPER. Who constitutes that committee?

Mr. CORBY. Leon Ulman.

Senator CAPPER. Who is Mr. Ulman?

Mr. CORBY. Mr. Ulman is connected with Holmes & Sons Bakery. What his position is I do not know; manager, I think. Mr. Joseph Berberick, the shoe man; R. P. Andrews, the paper man; William G. Carter, of Golden & Co., merchandise brokers; Philip King, department store; I think, John S. Wilkins, wholesale grocer; I think, Nordlinger, a sort of ladies' furnishings; and the optician, Leese.

Senator CAPPER. Who appoints that fair price committee?

Mr. CORBY. Mr. Figg, who is in the Department of Justice, was the chairman, I understand, of that committee. I understand that the committee was appointed by the Department of Justice. There were also on the committee Mr. Robert N. Harper, of the District National Bank, and president of the Chamber of Commerce; Isaac Gans, of Sacks & Co., and Miss Edith Straus, representing the Department of Justice. At this meeting when the increase in price was granted the Department of Labor was represented, and the local bakers' union was also represented.

Senator CAPPER. There is no representative on that committee of the consumers of the town, the citizens. I understand there are a great many citizens organizations here, consumers' leagues, and so on. There is no one from the buying public on that committee.

Mr. CORBY. That I do not know. Of course, these fellows are all consumers the same as the members of some of these organizations, but I do not know of any organization being represented specifically.

Senator CAPPER. I think they are all business men who are engaged in selling here to the people of Washington, and of course I should think naturally their interest would be in keeping up prices and rolling up the market price.

Mr. CORBY. I do not take that view of it at all. I think they are men fair and square and acted upon it from a business standpoint, judging profits according to what they considered fair in a general business way, and, in my opinion, are much better able and capable of saying what should be done than the general public, because they are business men.

Senator KING. I would think that committee is rather top heavy. I think there ought to be one or two members of labor on there, and two or three consumers.

Mr. CORBY. We have no objection.

Chairman BALL. Who recommended the members of that committee?

Mr. CORBY. I do not know, sir.

Chairman BALL. The different business interests of the city had nothing to do with the appointments?

Mr. CORBY. I know nothing about it. I was asked to go on it, and refused to go on it.

Senator CAPPER. The advance was made on very short notice, was it not; that is, the committee decided on one day, and it was put in effect the next day?

Mr. CORBY. I think it was decided on Friday, and the price put in effect on Monday.

Senator KING. Had the matter been considered for some period, and any publicity given to the projected scheme of increasing the price?

Mr. CORBY. Yes, sir; I believe the fair-price commission had met in March, and how many other meetings they have had between that and in May I do not know.

Senator KING. Were you and others who were engaged in the baking business, in the manufacture of bread, required by that committee to submit figures, and produce your books, to show whether or not there was any reasonable ground for an increase in the price of bread?

Mr. CORBY. We were not asked to produce any books. The increase which the bakers received on July 22, 1918, was given after the Federal Trade Commission and the local food administration had examined our books for six weeks, and there, as I recollect, the price which they allowed us showed a profit of about between 11½ to 12 per cent on sales, which we have not enjoyed as an average since that time. They sent the auditors to the bakery to audit our books, and took six weeks to make an award.

Senator KING. Speaking for myself, I have not any doubt in the world but what that committee during the war, in allowing advances in all lines of business, the coal, steel, retail and wholesale, were too generous in their grants, in my opinion.

Mr. CORBY. But even at that it was not as great as had been enjoyed previous to that.

Senator KING. Well, I think that during the war particularly the retailers and wholesalers ought to have been content with the smallest possible profit, but, instead of that, throughout the country they took a license to gouge and rob and plunder the people. I am not speaking with reference to your business, but generally speaking.

Mr. CORBY. The baking business in Washington, I can state, does not believe it did any such thing.

Senator KING. I hope that is true.

Chairman BALL. Mr. Corby, in the statement that you made before you said that the total outstanding paid-up capital stock was \$850,000. That is correct, is it not?

Mr. CORBY. Yes, sir.

Chairman BALL. But you had a surplus on July 21, 1919, which was the last date of closing the books, of \$650,579.40. Now, did that surplus capital go into the business, or was it awaiting distribution to the stockholders?

Mr. CORBY. It went into the business.

Chairman BALL. Your surplus goes into your business?

Mr. CORBY. That and the stock on hand; things of that kind.

Mr. PETERS. That surplus was represented by the increased assets almost entirely, which means it was in the business.

Chairman BALL. That does not represent the amount to be divided among the stockholders?

Mr. CORBY. No, sir.

Chairman BALL. That represents the stock on hand?

Mr. CORBY. Yes, sir.

Chairman BALL. You really had invested in the business \$1,500,000 at that time?

Mr. PETERS. Practically that.

Chairman BALL. And that amount continues invested in the business?

Mr. CORBY. Yes, sir.

Senator KING. Is that a fair value for the property?

Mr. PETERS. I think it is undervalued.

Senator CAPPER. Mr. Corby here testified before that he owned all the stock, or practically all of it.

Mr. CORBY. No, sir.

Senator CAPPER. Well, you own the biggest part of it, do you not?

Mr. CORBY. No, sir.

Senator CAPPER. You have recently disposed of some of it, have you?

Mr. PETERS. Mr. C. I. Corby, I might remark there, has never owned a controlling interest in the Corby Baking Co.

Senator CAPPER. Has any of the ownership changed hands since the hearing of last August?

Mr. CORBY. No; with the exception that some of it was transferred from myself to my son, so as to make it possible for him to become the secretary of the company on account of the former secretary resigning.

Senator CAPPER. Has there been any effort on the part of other interests to acquire the company or a part of the company?

Mr. CORBY. No, sir.

Senator CAPPER. There was a rumor some time ago that the Fleischman Co. was attempting to get in here in the bread business. They made you no offer?

Mr. CORBY. No, sir.

Senator CAPPER. I think you own a yeast company out here at Langdon.

Mr. CORBY. No, sir; that is sold.

Senator CAPPER. Who was that sold to?

Mr. CORBY. The Fleischman Co.

Senator CAPPER. Is that company or that business in any way connected with the Corby Baking Co.?

Mr. CORBY. No, sir.

Senator CAPPER. And the Fleischman Co. did not attempt to get control of your bakery?

Mr. CORBY. No, sir. They do not handle bakeries.

Senator CAPPER. I understood they had an interest in large bakeries in several of the larger cities.

Mr. CORBY. Well, if they have I do not know. Of course, I do not know, but I would not think it would be their policy to go into the bread business and yeast business both.

Senator CAPPER. We were speaking of the ownership of the stock in your company. I see here in your testimony you were asked, "What percentage of the stock do you own, that is your family?" And you replied, "A very large per cent." And when you were asked about the Havener Co., to that you replied that it was owned by you and your family.

Mr. CORBY. Yes, sir.

Senator CAPPER. So that you and your family do own the controlling interest in the Corby Co. and in the Havener Co.

Mr. CORBY. Yes, sir.

Senator CAPPER. Have you got a statement here for the Havener Co.?

Mr. CORBY. Yes, sir. We have all the figures here. You asked us in your letter to submit figures for the Corby Baking Co. and also for the Havener Baking Co. They are right here.

Senator KING. Mr. Corby, do you say that there is active competition in the District between wholesale bakers?

Mr. CORBY. I think so.

Senator KING. Is there any question about that?

Mr. CORBY. Not a bit.

Senator KING. Do you compete with others and they with you?

Mr. CORBY. Very much.

Senator KING. Is there any agreement, combination, understanding, secret or otherwise, by which the price of bread shall be fixed at any time?

Mr. CORBY. Absolutely not.

Senator KING. Do you have any meetings at banquets or other places, as the Steel Co. used to have, where the price of bread is agreed upon or an understanding is reached that the price shall be fixed?

Mr. CORBY. Absolutely not.

Senator KING. And do you affirm now that there is active competition between the bakers in this city?

Mr. CORBY. Yes, sir; just as much as any city that I know.

Senator KING. Do you invade the fields of other bakers, or do you divide the town or district it into zones and assign to each manufacturer a field for operations in?

Mr. CORBY. No, sir.

Senator KING. Do you adjust your sales so that there shall be substantially a like profit for each?

Mr. CORBY. No, sir. I do not know anything about their profits or their sales.

Senator KING. No committee is appointed to fix prices or anything of that nature?

Mr. CORBY. No, sir.

Senator KING. You do not attempt to limit the price that the retailers shall charge for your product?

Mr. CORBY. No, sir.

Senator KING. Do you feel that this increase is warranted?

Mr. CORBY. I know it.

Senator KING. In the light of the profits in your business and your prospects?

Mr. CORBY. Yes, sir.

Senator KING. If the price of flour should go down, would you diminish your price of the loaf?

Mr. CORBY. If the price of flour was diminished, when we ran out of the flour that we had on hand, we certainly would diminish, and would diminish also during that time.

Senator KING. To what do you attribute this increased price, to labor or material?

Mr. CORBY. Labor and material.

Senator KING. During the year the increase in the price of materials entering into the loaf have advanced what per cent?

Mr. CORBY. Well, I can not tell you that. We have got all the figures here, a chart showing how it advanced each month through all the years from 1914 up until the present time. You have the figures and can check them up. I can not give them to you out of my head.

Senator KING. Were your profits upon the capital invested greater before the war than since or during the war?

Mr. CORBY. I would say they were greater before the war. I do not know.

Chairman BALL. You had much less capital invested before the war, though.

Senator KING. I am speaking of the dividend on the capital. It would make no difference whether it was \$1,000,000 or \$100,000.

Senator CAPPER. I see by the statement you filed that the profits on bread during 1916 amounted to \$59,294.41, and you have just filed a statement here with that showing that since the war your profits are \$191,392 on bread alone. Your profits on bread during 1917, which was during the war, were \$125,689, so that apparently with the same capital stock you made more money during the war and since the war than you did before the war.

Mr. CORBY. I do not know. I can not answer.

Senator CAPPER. According to the statement filed here. That does not take into account your cake department nor your Havenner business.

Senator KING. Well, there seems to be a discrepancy there, Mr. Corby, and it seems there should not be any difficulty in determining whether your profits had been greater or less during the war and since the war than prior to the war, on the capital invested. I do not mean the aggregate profits; I mean the rate of profit upon the capital, whether 10 per cent or—

Mr. CORBY. I have not figured those out. We have not taken those into consideration at all. The sales price is the place we figure that out. We figure that we are entitled to a profit on our sales.

Chairman BALL. But his question was on the capital invested.

Mr. CORBY. I understand.

Senator KING. I understand your theory is the theory of the packers, that if you make a very small profit on each sale, although the aggregate sales are tremendous, that they ought not to be taken into account in determining what is a reasonable profit upon the capital invested, but there are differences of opinion. Some think, and think very properly, that your profit ought to be on your capital rather than upon your sales.

Senator CAPPER. And the difference is that the packer claims that by doing that large volume of business he is reducing the price to the consumer, while here the price is going up on a larger volume of business.

Chairman BALL. What position do you hold in the Havenner Co.?

Mr. CORBY. President.

Chairman BALL. You are the president of both companies?

Mr. CORBY. Yes, sir.

Senator CAPPER. You did not bring us a statement of your cake department, did you?

Mr. CORBY. No, sir.

Senator CAPPER. We had that before, and I think to make the record complete we ought to have that.

Mr. CORBY. You did not ask for it. We brought exactly what you asked for.

Senator CAPPER. What the committee wanted was to have your statement brought up to date. Of course, we have all those figures.

Chairman BALL. We will request you to send to the committee that statement.

Mr. CORBY. All right, sir.

Chairman BALL. You bake only bread and cakes?

Mr. CORBY. Yes, sir.

Chairman BALL. Are they the only products?

Mr. CORBY. Yes, sir.

Chairman BALL. What is the capital stock?

Mr. PETERS. \$300,000.

Chairman BALL. That is paid in capital, capital stock, is it?

Mr. PETERS. Yes, sir.

Chairman BALL. Just go ahead.

Mr. PETERS. This statement is exactly the same as the Corby statement, with the flour cost first, in comparison, from one year to the other.

Chairman BALL. You made these estimates entirely separate, not taking your purchases all together? Did you take your purchases all together?

Mr. PETERS. These are not the estimates; these are actual figures from the books.

Chairman BALL. But the figures would be increased some if one company did all the purchasing.

Mr. PETERS. No, not necessarily. They would not be just the same. The statement for the Havenner Co. is here printed in full as follows:

I have with me charts showing the operations of the bread department of the Havenner Baking Co. which show the following results, expressed in percentage to sales:

Flour cost:

January 5, 1920, 42 per cent, compared with January 6, 1919, 41 per cent.

February 2, 1920, 41 per cent, compared with February 3, 1919, 40 per cent.

March 29, 1920, 41 per cent, compared with March 31, 1919, 40 per cent.

April 26, 1920, 42 per cent, compared with April 28, 1919, 39 per cent.

May 17, 1920, 40 per cent, compared with May 26, 1919, 40 per cent.

Total ingredients:

January 5, 1920, 63 per cent, compared with January 6, 1919, 58 per cent.

February 2, 1920, 63 per cent, compared with February 3, 1919, 59 per cent.

March 29, 1920, 64 per cent, compared with March 31, 1919, 56 per cent.

April 26, 1920, 63 per cent, compared with April 28, 1919, 56 per cent.

May 17, 1920, 59 per cent, compared with May 26, 1919, 58 per cent.

Total expenses:

January 5, 1920, 103 per cent, compared with January 6, 1919, 96 per cent.

February 2, 1920, 101 per cent, compared with February 3, 1919, 96 per cent.

March 29, 1920, 99 per cent, compared with March 31, 1919, 93 per cent.

April 26, 1920, 98 per cent, compared with April 28, 1919, 92 per cent.

May 17, 1920, 95 per cent, compared with May 26, 1919, 93 per cent.

Total profits:

January 5, 1920, 3 per cent loss, compared with January 6, 1919, 4 per cent profit.

February 2, 1920, 1 per cent loss, compared with February 3, 1919, 4 per cent profit.

March 29, 1920, 1 per cent profit, compared with March 31, 1919, 7 per cent profit.

April 26, 1920, 1 per cent profit, compared with April 28, 1919, 8 per cent profit.

May 17, 1920, 5 per cent profit, compared with May 26, 1919, 7 per cent profit.

Chairman BALL. Mr. Corby is president of this company also?

Mr. PETERS. Yes, sir.

Chairman BALL. What salary does the president of this company receive?

Mr. PETERS. \$5,000.

Chairman BALL. \$25,000 from the Corby Co. and \$5,000 from this company?

Mr. PETERS. Yes.

Chairman BALL. What other officers have you?

Mr. PETERS. Vice president. The vice president and treasurer, who is all one person, and the secretary.

Chairman BALL. Are they the same officials, all the way down the line, as the Corby Co.?

Mr. PETERS. Yes, sir; the same officers.

Chairman BALL. What salary do the other officers get?

Mr. PETERS. The vice president and treasurer gets the same as the president, and the treasurer gets \$1,040.

Senator CAPPER. Have you got your figures there to show the profits of the Havenner Co. for the year. I see the profits for the year 1919 were \$35,543, as compared with \$19,345 for the year 1918. Do you think that warrants an advance in the price of bread?

Mr. PETERS. Well, if you look at the end of the year 1919, that is what warrants the increase in the price of bread, not what we were doing back in the first part of 1919, but what we are doing at the present time.

Senator CAPPER. But on the year's business you did the largest and most profitable business for the year in all the history of that company, and it is fair to assume that although you might run behind in one month or two months, that in the year's business you would come out in pretty good shape.

Mr. PETERS. I did not get that.

Senator CAPPER. It seems to me that last year's business was very encouraging. The two companies now control about what part of the bread supply of Washington?

Mr. PETERS. I have not the slightest idea.

Senator CAPPER. About half of all the bread that is made in Washington?

Mr. PETERS. I do not know.

Senator CAPPER. I think we had some testimony here last July on that point, where it was stated that you controlled about half the bread made and sold in the city of Washington, so that any advance now in the wholesale price at this time your two companies would be the chief beneficiaries of. On this advance recently made what do you think would be the increased cost to the consumers of Washington?

Mr. PETERS. The increased cost to the consumers of Washington would be just the same percentage as the difference between the 11-ounce loaf at 7 cents, and the 13-ounce loaf at 8½ cents. I do not know what the retail price was on most of our bread. I think it is 10 cents now, and was 8 or 9, I do not know which.

Senator CAPPER. Ten cents for a 13-ounce loaf.

Mr. PETERS. Thirteen ounces.

Senator CAPPER. And it was what?

Mr. PETERS. It was 9 for the 11 ounces, I think it was.

Senator CAPPER. Now, can you just make us an approximate estimate of what that would cost the consumers of Washington, by reason of this advance, on a year's consumption?

Mr. PETERS. No, sir.

Senator CAPPER. I saw the statement made in the newspapers that it would amount to something like a million and a half dollars.

Mr. PETERS. I did not make the statement. I do not know whether it is right or not.

Senator CAPPER. Do you think that was over or above?

Mr. PETERS. I have not the slightest idea. It would be a wild guess.

Senator CAPPER. The volume of business of your two companies last year amounted to about that?

Mr. PETERS. It is right here in those two papers. I do not remember.

Senator CAPPER. You do not have it in mind, approximately?

Mr. PETERS. No.

Chairman BALL. Does this company bake anything but bread?

Mr. PETERS. No, sir.

Chairman BALL. Bread only?

Mr. PETERS. Bread only. They bake a few crullers, but bread is practically the only thing they bake.

Chairman BALL. Bread is practically the only thing.

Senator CAPPER. The increase too is on buns. You still make what they call buns, do you not?

Mr. PETERS. Yes.

Senator CAPPER. What is the increase on those?

Mr. PETERS. The individual increase on each of these breads I do not know. Mr. Corby will have to tell you that. I had a note of Mother's Bread because I heard of it more than the buns. I very seldom figure on buns.

Senator CAPPER. Here is a woman who writes that buns before the war sold for 10 cents per dozen, and until Monday of this week 20 cents per dozen, and that yesterday when she sent her little girl for a dozen, they charged her 25 cents, and 13 cents for half a dozen. That increased cost is justified by the increase in the wholesale price, is it?

Mr. PETERS. I do not know just what the wholesale price is on buns now.

Chairman BALL. It is now 12 o'clock, and the committee will stand adjourned. We will notify you when we desire to have you come before us again.

(Whereupon at 12 o'clock the subcommittee adjourned subject to the call of the chairman.)

(The various statements and tables submitted by Mr. Corby are here printed in full as follows:)

THE CORBY BAKING CO.

GENTLEMEN: You have in your records now, I believe, figures and charts showing the operations of the Corby Baking Co. from June 16, 1914, to July 21, 1919, inclusive.

I have with me charts showing similar operations of the bread department of this company from January 6, 1919, up to and including May 17, 1920.

You will note that the average bread profits from January 6, 1920, up to and including April 26, 1920, which was the last date on which our books were closed, amounted to 3.7 per cent of our sales. These profits, compared with profits during previous years, are as follows:

The latter half of the year 1914 the average bread profits were 11.45 per cent of sales; year 1915, 6.63 per cent of sales; year 1916, 8.43 per cent of sales; year 1917, 9.57 per cent of sales; year 1918, 9.21 per cent of sales; year 1919, 8.4 per cent of sales.

The average percentage of profits to sales being, during that period from June 16, 1914, to January 5, 1920, inclusive, 8.6 per cent of sales.

We have figured our profits for one week after our last increase in price of bread, being the week of May 17, 1920, with the result that our figures show 3.7 per cent profit on our sales of bread.

Comparing the year 1920 with corresponding periods of the year 1919 we arrive at the following results, each expressed in percentage to sales: We have, first, the flour cost:

January 5, 1920, 43 per cent, compared with January 6, 1919, 39 per cent.

March 1, 1920, 41 per cent, compared with March 3, 1919, 40 per cent.

March 29, 1920, 42 per cent, compared with March 31, 1919, 38 per cent.

April 26, 1920, 46 per cent, compared with April 28, 1919, 38 per cent.

May 17, 1920, 43 per cent, compared with May 26, 1919, 40 per cent.

Total ingredients:

January 5, 1920, 60 per cent, compared with January 6, 1919, 54 per cent.

March 1, 1920, 59 per cent, compared with March 3, 1919, 53 per cent.

March 29, 1920, 59 per cent, compared with March 31, 1919, 53 per cent.

April 26, 1920, 63 per cent, compared with April 28, 1919, 53 per cent.

May 17, 1920, 59 per cent, compared with May 26, 1919, 55 per cent.

Total expenses:

January 5, 1920, 98 per cent, compared with January 6, 1919, 88 per cent.

March 1, 1920, 95 per cent, compared with March 3, 1919, 85 per cent.

March 29, 1920, 95 per cent, compared with March 31, 1919, 88 per cent.

April 26, 1920, 98 per cent, compared with April 28, 1919, 87 per cent.

May 17, 1920, 96 per cent, compared with May 26, 1919, 88 per cent.

Total profits:

January 5, 1920, 2 per cent, compared with January 6, 1919, 12 per cent.

March 1, 1920, 5 per cent, compared with March 3, 1919, 15 per cent.

March 29, 1920, 5 per cent, compared with March 31, 1919, 12 per cent.

April 26, 1920, 2 per cent, compared with April 28, 1919, 13 per cent.

May 17, 1920, 3.7 per cent, compared with May 26, 1919, 12 per cent.

It may be interesting to note that the average per cent cost price to us of flour, \$13.33 a barrel, is an increase of 215 per cent over the price of flour on July 20, 1914, of \$4.23 a barrel, while our average increase in sales price, taking into consideration our last increase, is only 1.0 per cent over the price prevailing on July 20, 1914.

The average profit for 1919 of 8.4 per cent on sales equals, per loaf of \$0.07, \$0.00568.

The profit for the week of May 17, 1920, of 3.7 per cent on sales, per loaf of \$0.08, \$0.003145, or a reduction in profit per loaf of \$0.0025, 5.

Record of expenses, sales, etc., relating to bread department of Corby Baking Co.—Continued.

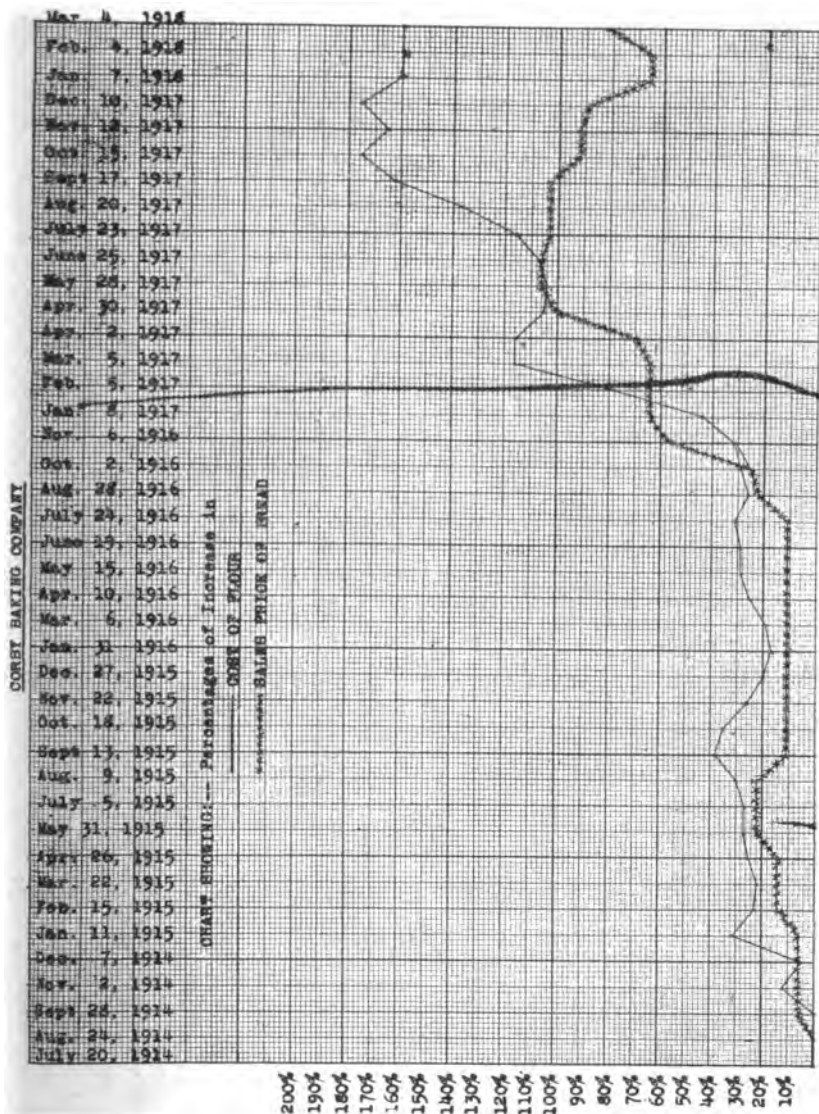
Period ending—	Flour cost.	Total ingredients cost.	Bake shop labor.	Direct expense and wrapping.	Executive salaries.	Office salaries.	Operating labor.	Taxes, less income tax.	Other general overhead.	Drivers' commissions.	Delivery expenses.	Total sales.	Recd.	Total expenses.	Profits.	Income tax.
July 21, 1914.....	\$25,103.69	\$35,654.58	\$7,123.82	\$800.60	\$3,127.80	\$335.00	\$1,174.20	\$439.52	\$132.65	\$6,962.07	\$9,177.13	\$77,355.38	129	\$70,217.67	\$7,137.71	
Aug. 24, 1914.....	23,671.49	33,727.32	6,937.34	765.82	3,022.80	535.00	1,145.33	304.98	3,781.13	6,908.22	8,431.60	73,949.01	135	65,082.75	8,866.26	
Sept. 28, 1914.....	21,256.52	34,946.48	7,033.07	987.45	3,022.80	535.00	1,106.93	304.98	4,787.68	7,122.15	8,155.93	78,614.86	127	68,002.47	10,612.39	
Nov. 2, 1914.....	24,650.80	35,022.72	7,066.16	1,250.72	3,022.80	535.00	1,234.32	329.42	5,180.47	7,094.98	7,072.03	79,076.15	126	69,418.11	9,658.04	
Dec. 7, 1914.....													132	67,738.63	7,789.26	
Total.....	124,900.15	177,770.83	34,316.71	4,708.65	15,219.01	2,675.00	5,005.73	1,684.18	23,712.77	35,021.08	39,655.08	384,523.28	.....	340,459.63	44,063.65	
Jan. 11, 1915.....	29,517.39	31,500.37	6,072.14	1,285.07	3,022.80	530.00	1,065.01	304.98	5,134.93	6,931.72	7,890.78	72,379.49	138	72,574.10	1,194.61	
Feb. 15, 1915.....	28,770.84	30,098.45	6,070.39	1,288.79	3,022.80	510.00	1,083.00	307.38	3,977.09	7,138.99	7,806.28	76,093.14	132	71,743.10	4,236.04	
Mar. 22, 1915.....	26,021.40	30,098.45	6,070.39	1,288.79	3,022.80	510.00	1,083.00	307.38	3,977.09	7,138.99	7,806.28	76,093.14	132	71,743.10	4,236.04	
Apr. 26, 1915.....	20,251.40	30,098.45	6,070.39	1,288.79	3,022.80	510.00	1,083.00	307.38	3,977.09	7,138.99	7,806.28	76,093.14	132	71,743.10	4,236.04	
May 3, 1915.....	21,521.98	31,716.95	7,033.07	1,250.72	3,022.80	535.00	1,106.93	304.98	4,787.68	7,122.15	8,155.93	78,614.86	127	68,002.47	10,612.39	
June 9, 1915.....	31,063.62	41,511.82	7,133.80	1,267.45	3,022.80	532.50	1,173.22	329.42	5,180.47	7,094.98	7,072.03	79,076.15	126	69,418.11	9,658.04	
July 9, 1915.....	31,063.62	41,511.82	7,133.80	1,267.45	3,022.80	532.50	1,173.22	329.42	5,180.47	7,094.98	7,072.03	79,076.15	126	69,418.11	9,658.04	
Aug. 9, 1915.....	31,063.62	41,511.82	7,133.80	1,267.45	3,022.80	532.50	1,173.22	329.42	5,180.47	7,094.98	7,072.03	79,076.15	126	69,418.11	9,658.04	
Sept. 13, 1915.....	32,508.40	47,635.70	6,970.03	1,008.74	3,022.80	622.50	1,233.41	386.11	3,925.19	7,460.98	10,357.10	81,532.66	123	76,013.51	5,491.11	
Oct. 18, 1915.....	35,031.06	47,779.42	7,432.37	1,357.89	3,022.80	623.50	1,236.44	386.11	3,984.70	7,460.98	10,357.10	81,532.66	123	76,013.51	5,491.11	
Nov. 22, 1915.....	31,719.91	41,643.90	7,529.81	1,183.95	3,022.80	603.00	1,209.00	386.11	3,011.92	7,460.98	10,357.10	81,532.66	123	76,013.51	5,491.11	
Dec. 27, 1915.....	29,232.94	39,480.56	7,449.90	1,065.58	3,022.80	603.00	1,209.00	386.11	3,011.92	7,460.98	10,357.10	81,532.66	123	76,013.51	5,491.11	
Total.....	339,842.52	451,538.52	78,723.71	13,677.12	83,250.80	6,334.50	13,291.06	4,387.08	50,986.48	89,992.04	98,613.16	894,088.91	.....	834,794.50	59,294.41	
Jan. 31, 1916.....	98,463.87	40,008.27	7,532.71	1,358.61	3,022.80	605.00	1,410.19	386.11	5,221.91	7,855.16	7,334.52	79,374.54	126	74,854.28	4,479.17	
Mar. 6, 1916.....	29,613.95	41,837.90	7,572.34	1,122.67	3,022.80	605.00	1,410.19	386.11	5,221.91	7,855.16	7,334.52	79,374.54	126	74,854.28	4,479.17	
Apr. 10, 1916.....	31,854.38	45,168.76	7,678.88	1,823.98	3,022.80	610.00	1,415.49	386.11	4,791.73	8,090.08	8,110.42	85,626.70	116	81,908.25	4,798.45	
May 15, 1916.....	34,932.01	49,041.17	7,907.50	836.38	3,022.80	610.00	1,398.78	386.11	5,051.82	8,110.42	8,110.42	91,199.51	109	85,689.61	5,509.90	
June 19, 1916.....	35,354.77	49,041.17	7,907.50	836.38	3,022.80	610.00	1,398.78	386.11	5,051.82	8,110.42	8,110.42	91,199.51	109	85,689.61	5,509.90	
July 24, 1916.....	37,983.29	47,983.29	7,829.38	990.37	3,022.80	810.00	1,508.85	406.94	5,040.88	8,110.42	8,110.42	91,199.51	109	85,689.61	5,509.90	
Aug. 28, 1916.....	32,293.35	47,012.63	7,840.97	1,134.98	3,022.80	788.78	1,402.81	478.95	5,013.50	8,125.03	9,493.21	87,077.73	115	84,907.66	2,980.07	
Oct. 2, 1916.....	33,728.89	47,746.77	8,116.90	1,260.84	3,022.80	887.00	1,464.66	579.21	5,543.30	8,116.90	8,034.76	93,763.52	107	85,670.42	8,093.10	
Nov. 6, 1916.....	56,916.14	77,749.80	13,851.76	1,913.25	5,441.04	1,796.13	2,622.79	722.50	9,956.52	17,055.23	15,216.38	176,654.13	566	146,325.40	30,328.73	
Total.....	349,511.12	492,151.09	84,353.78	13,075.32	616.24	8,628.91	15,381.39	4,515.87	58,968.04	97,515.70	89,583.96	973,184.31	.....	891,180.63	82,003.68	
Feb. 5, 1917.....	33,501.10	43,166.21	6,140.89	1,714.75	2,418.24	816.04	1,135.87	321.10	4,286.83	7,803.58	8,342.94	81,600.44	122	76,147.35	5,453.09	
Mar. 5, 1917.....	42,760.87	53,845.52	6,637.98	1,178.61	2,418.24	812.32	1,135.87	355.55	4,593.17	7,909.72	8,426.25	87,426.78	114	87,434.42	5,017.04	
Apr. 2, 1917.....	41,832.01	53,072.45	6,540.11	877.36	2,418.24	834.32	1,166.85	355.54	4,529.45	8,516.90	6,427.61	90,151.15	110	84,747.83	5,403.32	
Apr. 30, 1917.....	40,301.13	52,703.77	6,655.48	2,654.49	2,297.33	661.18	1,230.96	521.10	4,462.30	7,824.71	7,570.99	93,689.79	107	80,582.34	7,107.39	

: Loss.

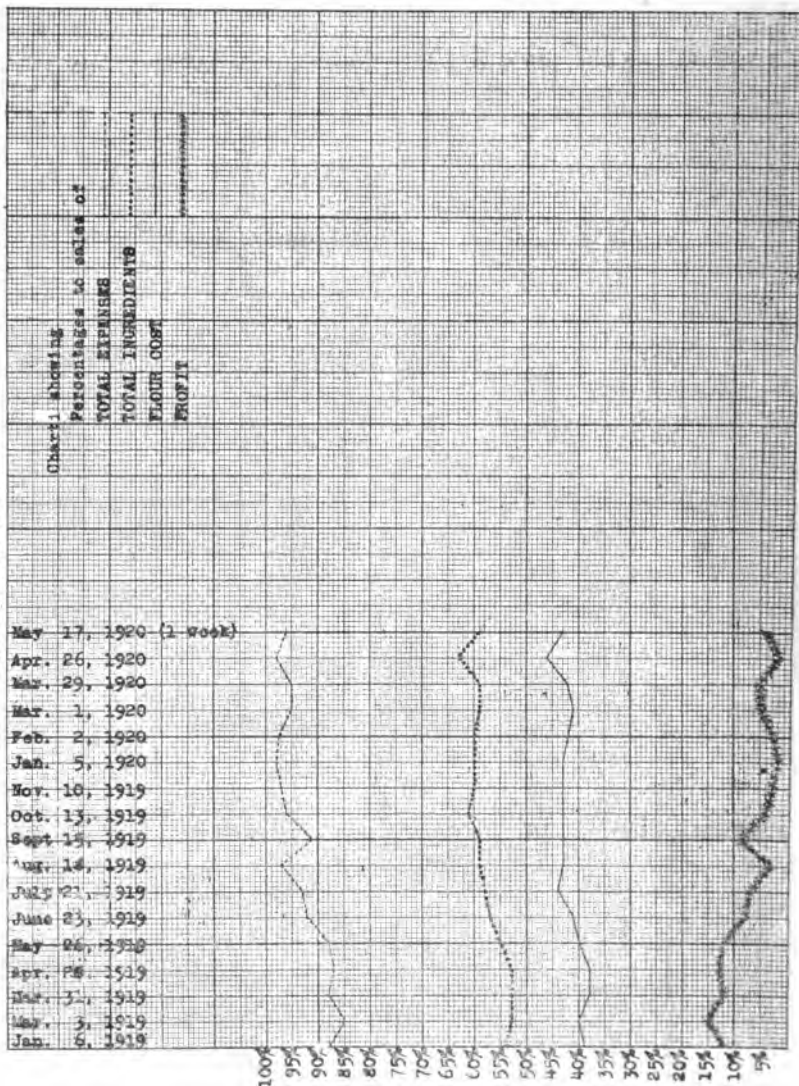
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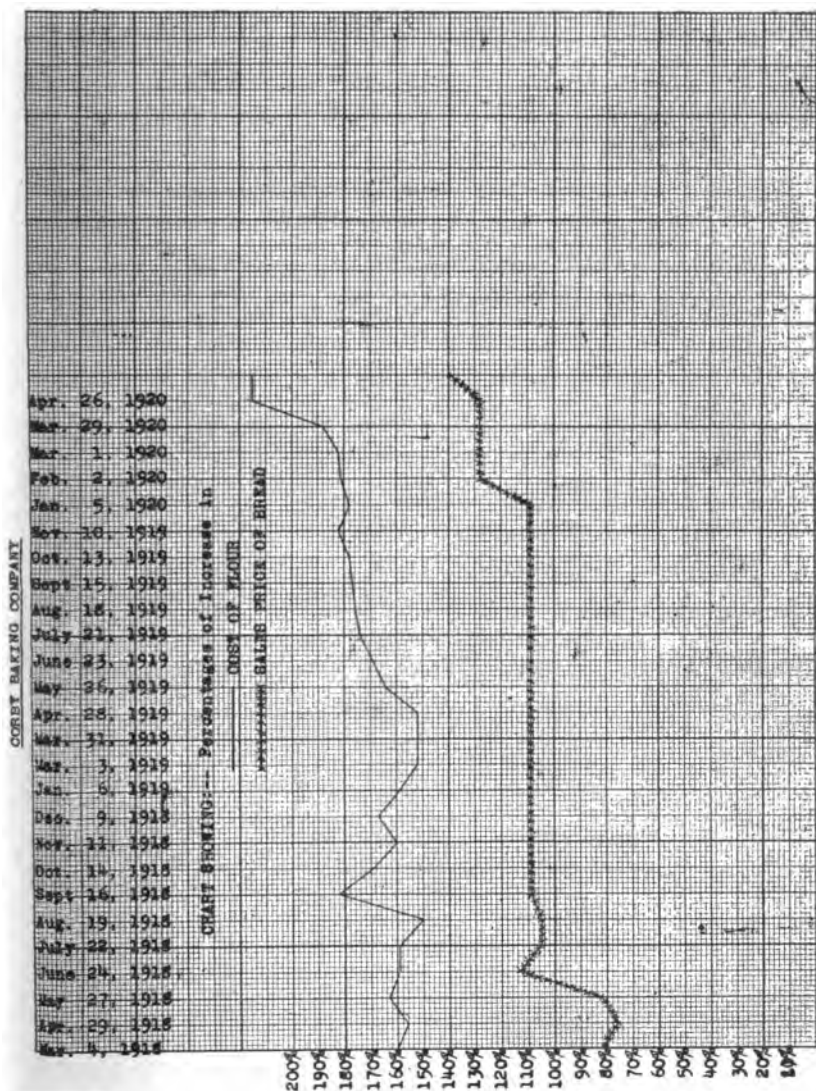
Record of expenses, sales, etc., relating to bread department of Corby Baking Co.

Period ending—	Flour cost.	Total ingredients cost.	Bake shop labor.	Direct expense and wrap-ping.	Execu-tive salaries.	Office salaries.	Operat-ing labor.	Taxes, less income tax.	Other general and over-head.	Drivers' commis-sions.	Delivery expenses.	Total sales.	Recip.	Total expenses.	Profits.	Income tax.
May 28, 1917.	\$33,915.96	\$44,551.81	\$5,989.50	\$1,624.20	\$2,313.05	\$361.28	\$1,328.75	\$399.19	\$4,721.97	\$7,887.45	\$9,188.99	\$95,828.05	104	\$77,574.20	\$18,253.85	
June 25, 1917.	37,245.92	47,565.40	6,573.79	1,489.62	2,297.33	585.90	1,298.10	419.29	4,766.54	8,577.42	8,577.42	105,696.94	94	82,457.39	23,239.59	
July 23, 1917.	36,541.31	48,377.20	6,497.97	1,335.70	2,297.33	603.92	1,223.86	418.37	4,888.77	8,519.18	8,335.23	99,580.74	100	82,504.15	17,384.59	
Aug. 20, 1917.	40,508.98	52,855.87	6,471.18	1,580.57	2,297.33	603.92	1,336.20	420.70	4,993.88	8,336.82	8,337.57	99,580.74	100	82,504.15	17,384.59	
Sept. 17, 1917.	48,182.47	61,244.24	7,065.26	1,686.23	2,297.33	594.42	1,363.29	422.60	3,412.68	9,155.91	9,334.98	108,083.93	92	96,683.73	11,390.20	
Oct. 15, 1917.	55,950.21	69,908.12	7,065.26	1,787.83	2,297.33	617.11	1,363.29	422.60	3,412.68	9,155.91	9,334.98	108,083.93	92	96,683.73	11,390.20	
Nov. 12, 1917.	52,699.06	68,383.12	7,437.26	1,983.57	2,297.33	773.35	1,339.98	422.60	3,412.68	9,155.91	9,334.98	108,083.93	92	96,683.73	11,390.20	
Dec. 10, 1917.	55,243.43	71,527.22	7,437.26	2,225.58	2,297.33	773.35	1,440.58	422.60	3,412.68	9,155.91	9,334.98	108,083.93	92	96,683.73	11,390.20	
Jan. 7, 1918.	57,066.19	74,454.59	7,437.26	1,554.38	2,297.33	873.98	1,440.58	422.60	3,412.68	9,155.91	9,334.98	108,083.93	92	96,683.73	11,390.20	
Total.	575,768.66	729,999.72	87,669.23	21,430.30	24,743.74	8,878.35	16,965.75	5,363.70	54,913.54	114,002.62	116,894.22	1,132,101.02	91	1,186,414.06	125,686.96	
Feb. 4, 1918.	59,837.43	70,318.76	7,940.95	2,232.41	2,297.33	928.63	1,559.50	422.49	5,098.94	9,845.28	9,842.67	114,337.88	87	110,486.94	3,850.94	
Mar. 4, 1918.	59,169.15	70,805.47	7,999.35	1,622.80	2,297.33	991.04	1,529.50	296.67	5,217.25	9,845.28	9,842.67	114,337.88	87	110,486.94	3,850.94	
Apr. 29, 1918.	127,916.55	162,854.54	19,827.28	4,913.80	4,594.66	1,728.11	3,358.10	583.64	9,232.76	23,551.27	23,275.43	259,043.22	39	253,830.19	5,213.03	
May 27, 1918.	67,097.29	86,508.92	11,759.86	2,626.41	2,297.33	911.24	2,152.71	298.75	6,720.19	12,627.13	11,089.56	139,134.88	72	137,082.78	3,052.10	
June 24, 1918.	66,191.64	85,133.19	9,934.30	1,672.30	2,297.33	1,066.48	2,297.33	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
July 22, 1918.	62,042.94	83,619.81	8,722.29	1,263.63	2,297.33	1,077.31	2,237.13	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
Aug. 19, 1918.	64,155.98	85,603.16	9,865.76	1,054.90	2,297.33	1,077.31	2,237.13	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
Sept. 16, 1918.	78,529.47	102,809.22	10,614.73	2,550.32	2,297.33	1,204.38	2,574.72	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
Oct. 14, 1918.	78,529.47	102,809.22	10,614.73	2,550.32	2,297.33	1,204.38	2,574.72	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
Nov. 9, 1918.	78,529.47	102,809.22	10,614.73	2,550.32	2,297.33	1,204.38	2,574.72	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
Dec. 6, 1918.	78,529.47	102,809.22	10,614.73	2,550.32	2,297.33	1,204.38	2,574.72	285.43	4,279.03	12,627.13	11,089.56	144,349.04	69	131,163.46	13,185.58	
Jan. 6, 1919.	65,351.00	90,191.83	9,796.85	8,226.62	2,297.33	1,138.08	2,694.11	189.18	3,833.12	15,633.92	12,423.74	165,740.55	55	163,590.27	2,150.28	
Total.	865,875.61	1,134,445.98	126,758.58	35,513.36	29,489.26	13,265.26	28,987.57	3,490.38	70,229.96	179,066.69	149,485.46	1,953,792.04	.....	1,773,742.46	180,049.58	36,545.16
Mar. 3, 1919.	143,010.46	190,455.31	23,334.11	8,127.45	4,331.78	2,001.42	5,498.50	251.42	9,633.22	32,713.40	26,036.59	352,719.83	28	302,383.20	50,336.63	8,909.08
Apr. 21, 1919.	69,935.86	97,728.48	13,444.67	4,431.76	2,228.11	1,065.50	3,171.94	285.81	4,374.38	17,012.41	17,854.76	189,623.50	64	161,539.96	28,083.54	5,754.16
May 28, 1919.	73,157.20	101,972.21	13,571.07	3,283.10	2,434.40	1,151.85	3,171.94	282.95	4,374.38	17,012.41	17,854.76	189,623.50	64	161,539.96	28,083.54	5,754.16
June 23, 1919.	76,473.60	104,740.65	15,288.95	4,685.12	2,202.59	1,186.06	3,202.11	332.36	5,912.78	17,828.57	15,438.08	195,940.92	52	175,902.40	20,038.52	
July 21, 1919.	78,988.31	105,422.19	14,699.28	4,072.58	2,142.59	1,117.65	3,202.11	332.36	5,912.78	17,828.57	15,438.08	195,940.92	52	175,902.40	20,038.52	
Aug. 18, 1919.	75,977.70	107,686.81	14,699.28	4,072.58	2,142.59	1,117.65	3,202.11	332.36	5,912.78	17,828.57	15,438.08	195,940.92	52	175,902.40	20,038.52	
Sept. 15, 1919.	77,977.70	107,686.81	14,699.28	4,072.58	2,142.59	1,117.65	3,202.11	332.36	5,912.78	17,828.57	15,438.08	195,940.92	52	175,902.40	20,038.52	
Oct. 13, 1919.	87,901.74	117,767.94	15,574.15	2,513.40	2,073.68	1,193.89	3,072.49	332.36	5,912.78	17,828.57	15,438.08	195,940.92	52	175,902.40	20,038.52	
Nov. 10, 1919.	87,901.74	117,767.94	15,574.15	2,513.40	2,073.68	1,193.89	3,072.49	332.36	5,912.78	17,828.57	15,438.08	195,940.92	52	175,902.40	20,038.52	
Jan. 5, 1920.	458,608.40	217,211.15	30,928.98	8,272.77	1,903.68	3,061.06	5,365.88	304.24	0,281.50	34,212.53	38,050.18	361,007.64	277	352,808.94	8,198.70	
Total.	965,396.43	1,370,377.95	186,423.94	39,068.52	29,015.14	15,630.02	39,415.14	3,550.94	64,582.12	225,896.19	210,430.80	2,395,773.12	.....	2,204,351.06	191,392.06	
Feb. 2, 1920.	76,832.43	109,445.76	15,913.43	4,780.19	2,531.33	1,554.93	3,219.33	197.12	7,088.79	17,385.39	15,912.31	183,214.44	54	178,707.78	4,506.66	
Mar. 1, 1920.	77,289.05	112,922.92	15,701.03	4,133.05	2,531.33	1,554.93	3,219.33	197.12	7,088.79	17,385.39	15,912.31	183,214.44	54	178,707.78	4,506.66	
Apr. 29, 1920.	80,922.77	119,571.06	16,959.76	3,426.20	2,525.33	1,647.24	3,198.14	228.04	6,065.93	18,372.67	17,925.54	194,955.69	51.3	185,413.02	9,492.67	
May 26, 1920.	80,922.77	119,571.06	16,959.76	3,426.20	2,525.33	1,647.24	3,198.14	228.04	6,065.93	18,372.67	17,925.54	194,955.69	51.3	185,413.02	9,492.67	
Jun. 2, 1920.	80,922.77	119,571.06	16,959.76	3,426.20	2,525.33	1,647.24	3,198.14	228.04	6,065.93	18,372.67	17,925.54	194,955.69	51.3	185,413.02	9,492.67	
Jul. 2, 1920.	80,922.77	119,571.06	16,959.76	3,426.20	2,525.33	1,647.24	3,198.14	228.04	6,065.93	18,372.67	17,925.54	194,955.69	51.3	185,413.02	9,492.67	
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Dec. 2, 1920.	80,922.77	119,571.06	16,959.76	3,426.20	2,525.33	1,647.24	3,198.14	228.04	6,065.93	18,372.67	17,925.54	194,955.69	51.3	185,413.02	9,492.67	
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Oct. 2, 1921.	80,922.77	119														



CORBY BAKING COMPANY





183363-20-3

INCREASED PRICE OF BREAD IN THE DISTRICT OF COLUMBIA.

MONDAY, MAY 31, 1920.

UNITED STATES SENATE,
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,
Washington, D. C.

The subcommittee met, at call of the chairman, at 10 o'clock a. m., in the committee room, Capitol, Senator L. Heisler Ball presiding.

Present: Senators Ball (chairman) and Capper.

Present also: Mr. Charles I. Corby, Mr. Harry T. Peters, Mr. Lewis Holmes, Mr. L. S. Ulman, Mr. Edward J. Yonkers, Mr. R. O. Dawson, Mr. R. Huff, Mr. W. W. Gleason, and Mr. Albert J. Gerrer.

Chairman BALL. The committee will come to order. Mr. Corby and Mr. Peters, there was certain data that you were to present to the committee. Have you presented that?

STATEMENT OF MR. CHARLES I. CORBY AND MR. HARRY T. PETERS—Resumed.

Mr. CORBY. No, sir.

Mr. PETERS. I have it with me.

Chairman BALL. There are just a few questions that I would like to ask Mr. Corby, and then I am through.

Mr. PETERS. Some of this information that you have asked for I haven't given yet. It was requested that we furnish figures showing bread products for the year before the war, which are as follows:

From July 1, 1913, up to and including July 20, 1914—you understand why we do not end at the end of a month; we end our books in four-week periods—bread profits were \$71,902.78 on sales of \$842,625.57, or 8.53 per cent on sales. That was the year before the war.

Chairman BALL. Your percentage on sales is about the same as it was in 1919?

Mr. PETERS. I think it was.

Senator CAPPER. How much were you allowing for salaries then?

Mr. PETERS. The same thing. You mean executive salary?

Senator CAPPER. Yes.

Mr. PETERS. Yes; the same thing. It was also requested that we furnish figures showing our cake profits for the year 1919, to bring the report which we submitted last year up to date. Our cake sales in 1919 were \$640,972.60, on which the profit was \$51,601.15.

Chairman BALL. What does that make your total profit?

Mr. PETERS. Comparing that with 1918 our cake sales were \$417,822.74, on which the profit was \$114,010.52. That shows an increase in 1919 in sales of \$223,000 and a decrease in profits of \$62,000.

Senator CAPPER. How do you account for that decrease?

Mr. PETERS. The increases that occurred in costs of materials and labor and supplies, and not a corresponding increase in price.

Senator CAPPER. I see your report shows that your profit—that is the volume—your total profits increased on bread during that period?

Mr. PETERS. In dollars and cents.

Senator CAPPER. In dollars and cents. Now, why should there be such a large decrease in your profits on cakes?

Mr. PETERS. We did not increase the price on cakes to keep up with the increase in the cost.

Senator CAPPER. But there was during that time an increase in the price of bread.

Mr. CORBY. No.

Mr. PETERS. No; not during that period.

Senator CAPPER. I don't see then why there should be an enormous—you might say a discrepancy there as between your profits on bread and the profits on cakes during the same period.

Chairman BALL. I will ask you this just for information: In cakes you use very much more sugar, do you not?

Mr. PETERS. Yes.

Chairman BALL. Did the price of sugar have anything to do with it?

Mr. PETERS. Certainly.

Chairman BALL. And you use less sugar in bread?

Mr. CORBY. Yes, sir.

Chairman BALL. Therefore there would be a greater increase in the price of material entering into cakes than there would be in material entering into bread. Is that your explanation?

Mr. CORBY. The great increase in bread is the price of flour, and the great increase in cake is the price of sugar. Of course we made less profit in 1919 on percentage of sales than we did in 1918. Mr. Capper spoke the other day in regard to our making \$91,000 in 1919 as against \$180,000 in 1918, showing that we made a larger percentage of profit. Well, I stated that that was because we did about \$460,000 or \$450,000 more of business, but we had our auditor, Mr. Peters, figure what our profits would have been, providing in 1919 we had no more volume of business than we had in 1918, and if we had had the same volume in 1919 as we had in 1918, we would have made \$71,000 less, or we would have made \$120,000 in 1919 instead of \$191,000.

Chairman BALL. You have not figured out the relative cost of a loaf of bread, have you?

Mr. CORBY. Yes; we have given all the figures.

Chairman BALL. That is given in the itemized statement?

Mr. PETERS. It was given in the testimony the other day.

Mr. CORBY. The total cost of production all the way through.

Chairman BALL. Does your loaf cost you more per loaf now with the increased business you do than it did in 1915 or 1916?

Mr. CORBY. Yes; I would say so.

Mr. PETERS. What do you mean by "per loaf in 1915 or 1916"? A loaf of bread was a different unit then than it is now. I don't see how we could answer that question—I think it would cost more per loaf.

Chairman BALL. Now, about fixing the retail price, I want to ask a few questions on that.

I understood your testimony the other day to be that you did not fix the retail price.

Mr. CORBY. We do not; no, sir.

Chairman BALL. You permit the retailers to fix their retail price of your bread?

Mr. CORBY. Yes, sir.

Chairman BALL. No difference what they sell it at, you continue to supply them with bread?

Mr. CORBY. No, sir.

Chairman BALL. Well, I don't understand. You say "no, sir" to both, that you do not fix, and yet you say "no, sir" you will not continue to supply them.

Mr. CORBY. Yes, sir.

Chairman BALL. Then if you refuse to supply them with bread if they cut your usual price, then you certainly do fix the price.

Mr. CORBY. No; I can't see it.

Chairman BALL. Well, now, if you supply a certain retailer with your bread, with the understanding that he is to charge 10 cents a loaf—

Mr. CORBY (interposing). We have no understanding with the retailer at all what the price of bread will be.

Chairman BALL. Well, then, you will supply him with bread just the same if he charges only 9 cents a loaf?

Mr. CORBY. No, sir; because a man doing that is injuring our business.

Chairman BALL. That is just what I am trying to bring out, whether you do or do not.

Mr. CORBY. No, sir; we do not.

Chairman BALL. Well, in that way you do tend to fix retail prices.

Mr. CORBY. No, sir.

Chairman BALL. You fix the retail price of your bread because you refuse to allow a retailer to sell it for less than that amount.

Mr. CORBY. Well, I can't see it that way. We believe, so we are told by our attorney at least, that we have a right to choose our customers.

Chairman BALL. Yes.

Mr. CORBY. And if one concern or two or three or four, no matter how many, choose to sell at a different price than the generally accepted price of those with whom we do business, we know that if we serve those people, the people who are paying us just as much as the other man will discontinue having our bread and in that way injure our business, and if we have a right to choose our customers we have a right not to serve the man who is going to injure our business.

Chairman BALL. Now, I am not questioning your right to do it but I am questioning the fact as to whether you do not fix the price of bread when you adopt that principle. But I want to understand you correctly. You will not continue to supply a retailer with your bread if you find he is selling it for 1 cent less than the other retailers that you are supplying?

Mr. CORBY. Yes, sir.

Chairman BALL. Therefore, that man can no longer get your bread. In other words, he must sell your bread at the price adopted by you as the proper price, or he can not sell your bread?

Mr. CORBY. No, not adopted by us; adopted by the general trade.

Chairman BALL. Well, if it is adopted by the general trade and he pays you the same price wholesale, why should that involve you in the least, unless you are going to fix that price?

Mr. CORBY. Well, I can't tell you any plainer. We do not fix the price, in our judgment.

Chairman BALL. That would rather appeal to me that you did fix the price. In other words, he can not sell your bread unless he sells it at the price that in your judgment is a proper retail price?

Mr. CORBY. No; that is not in our judgment at all; it is what is the judgment of the general trade, what is accepted by the trade.

Chairman BALL. It must appeal to your judgment, though, when you take the bread away from him; you are the man who decides as to whether you shall supply him with that bread or shall not supply him, are you not?

Mr. CORBY. Yes, sir.

Chairman BALL. He pays you the same for the bread wholesale as the other man?

Mr. CORBY. Yes, sir.

Chairman BALL. But you keep up the retail price of your bread by refusing to sell him, to supply him with any bread. Those are all the points that I want to bring out on that.

Senator CAPPER. You say here—you speak about the price adopted by the general trade; have you got some sort of a deal up here among the bakers in this town by which they attempt to fix the price that shall govern here in the city of Washington?

Mr. CORBY. Absolutely not.

Senator CAPPER. What do you mean by "a price adopted by the general trade" then?

Mr. CORBY. We are talking about the retail price of bread. The retail price of bread is made by the retailer.

Senator CAPPER. Yes. Now when did this advance in bread go into effect?

Mr. CORBY. I think May 10.

Senator CAPPER. Every baker in the city put in that price at that time, did they?

Mr. CORBY. I don't know that.

Senator CAPPER. Well, you don't know of any who did not? You don't know of any who held down the price?

Mr. CORBY. I did not inquire whether any of them did or did not.

Senator CAPPER. Well, do you know of your own knowledge of any baker in this city who did not advance the price of bread on May 10?

Mr. CORBY. I don't know because I made no inquiry whatever.

Senator CAPPER. You are in the baking business, and selling half the bread in Washington would be apt to know something about it. You would know more about it than I would or any member of this committee.

Mr. CORBY. I would be in a position to know, if I inquired, but we made no inquiry whatever. We went by the price that the fair price committee said we could ask.

Senator CAPPER. That was 8½ cents for a small-sized loaf?

Mr. CORBY. Yes, sir; and 15½ for the large-sized loaf.

Senator CAPPER. You never discussed with any other baker in Washington what would be, as you claim, a fair price?

Mr. CORBY. We never agree on prices whatever, because we know—

Senator CAPPER (interposing). I asked you if you ever discussed it with any other baker, what the price should be?

Mr. CORBY. We do not discuss those things at all, sir.

Senator CAPPER. Now, how does it happen, then, that on a certain day every baker in Washington was selling bread for 8½ cents, when the day before that he had been selling it at 7½ cents?

Mr. CORBY. I suppose the bakers went before the fair-price committee and stated what they wanted, what they thought they were entitled to.

Senator CAPPER. The price of everything else—do you know of any other commodity, any other foodstuff in Washington, that has been going up, except sugar and bread, the last month or so?

Mr. CORBY. I do not know. I haven't made any inquiry.

Senator CAPPER. As a matter of fact everything else has a tendency downward if there is any change at all. Isn't that a fact? You are pretty well informed as to conditions here in the local market, foods and meats and everything, and groceries.

Mr. CORBY. I do not keep in touch with the meats or groceries. I do not buy them and I do not know a thing about them.

Senator CAPPER. The newspaper reports have all shown that there has been a sort of a panicky condition in prices of necessities of life, and that there have been sales on reductions of 10, 15, and 25 per cent.

Mr. CORBY. Well, I have read those articles in the newspapers, but those articles are like a great many other articles in the newspapers; you run them down and you find there is not very much foundation to them. I bought a couple of suits of clothes for my chauffeur a little while ago and I went to a reliable house here and said, "I think I will buy one suit now and wait and buy another one later on. I see you are having big reductions, 20, 30, and 40 per cent." "But," the clerk says, "those are just kinds of odds and ends and things that we have here that are not in the general stock of goods."

Senator CAPPER. Your wholesale price of bread is now, I understand, 8½ cents?

Mr. CORBY. Yes, sir; that is, the majority of the bread.

Senator CAPPER. And you think no retail dealer should sell bread on that basis, paying you 8½ cents—that he should not sell below 10 cents to the consumer?

Mr. CORBY. I don't think he should sell below that if he wants to make a profit.

Senator CAPPER. Well, now, is it any of your business whether he makes a profit or not?

Mr. CORBY. No, sir—yes; I would say it is some of my business.

Senator CAPPER. How now does it affect your business?

Mr. CORBY. If a man was carrying—handling bread and could not make any money on it, I would naturally expect it would not be very interesting to him to handle bread, therefore he would not push bread and our business would go down, and we would go down and out of business.

Senator CAPPER. Well, isn't it probable—now you get the 8½ cents a loaf no matter what he sells it for. Now, isn't it reasonable to suppose that the retailer who could get below 10 cents would likely sell more bread; that the lower price would tend to increase the consumption of bread rather than reduce it and injure your business?

Mr. CORBY. That has not been what experience has brought out. Bread is being sold to-day in Washington for 8 cents a loaf, but——

Senator CAPPER (interposing). Then why should you insist on holding it up to 10 cents a loaf?

Mr. CORBY. We are not insisting on holding it up to 10 cents; we do not make the price.

Senator CAPPER. But you refuse to sell to big stores here who have large trade and who are perfectly willing to sell at 9 cents a loaf and are satisfied with a profit that they would have, and who would be doing the consuming public of Washington certainly a great favor in selling—in making a reduction of 10 per cent, yet you stand in the way and say “you can’t sell my bread at that price.” I can’t understand why you take that stand.

Mr. CORBY. I can’t explain it any more than what I have.

Senator CAPPER. Well, it seems to me your own statement shows that you stand here sort of in the attitude of a price dictator, because, you make it impossible really for there to be any real competition among these retail dealers here.

Mr. CORBY. Well, I beg to differ with you. We don’t feel that way.

Senator CAPPER. When you serve notice on one of the big concerns here in Washington that he can not have any more of your bread, and you pull out your boxes from all of his stores, I don’t know what else you could do to make you a dictator of prices here in Washington, because it doesn’t affect your profits in the slightest, so far as I can see.

Mr. CORBY. Well, it would affect our profits if all the other people in town got to cutting prices and the bread business was not attractive to them at all and the bread business went down to practically where it would not be on a money-making basis at all. We have a large organization that we built up, that it has taken 30 years to build, and we have certain departments and certain heads and certain things there that have got to keep going, and that organization is made up——

Senator CAPPER (interposing). Don’t you think there would be more bread consumed in this town if the market price to-day was 9 cents than if it was 10 cents?

Mr. CORBY. I don’t think you would hardly notice the difference.

Senator CAPPER. Don’t you thing the tendency now with the high price of bread, 10 cents a loaf, is for more people to make their own bread, possibly? Won’t it reduce the baker’s business if you insist on this high price?

Mr. CORBY. That is one place that the public has an opportunity—the baking business is one business that has the greatest competitor of anyone, and that is the house wife. If she is not satisfied with the quality of bread she gets, or satisfied with the price, all she has to do is to go to the store and buy the materials and make it and charge her labor to herself as nothing. The baker is the one business man who has a great big competitor always.

Mr. PETERS. May I ask a question?

Senator CAPPER. Yes.

Mr. PETERS. I don’t quite see how you can figure that the Corby Baking Co. is fixing the price on bread when they are only one baker in the city of Washington?

Chairman BALL. But what percentage of the bread do you supply in Washington?

Mr. PETERS. I do not know.

Mr. CORBY. Somewhere around—that, of course, I don't know. It would simply be a guess, but of all the bread eaten in Washington, if we made much over one-third I would be surprised.

Chairman BALL. Well, all the bread made—you mean one-third of all made in private families and regular bakeries? You supply about one-half, do you not, of the bakers' bread?

Mr. CORBY. No; I don't think so. I don't know, but I don't think so.

Chairman BALL. Of course, this matter of fixing prices is a difference of opinion. It rather appeals to me from your statements that when you refuse to permit your bread to be sold for less than a certain figure, you do fix the price of your bread, the retail price. I could not construe it personally in any other way.

Mr. CORBY. Well we consider it just the opposite. We are discontinuing selling a man who is out to injure our business.

Chairman BALL. Well, I can't see how he is going to injure your business when he pays you your wholesale price for your bread, but on the account of the amount of the turnover, the amount of sales, the increased sales, he is willing to take a less percentage.

Mr. CORBY. Yes; but say we have cases where a man is willing to sell for a less price; the salesman in that territory gets notice right away from the retail grocers around his neighborhood that "instead of leaving me 40 loaves to-morrow morning, leave me 10." That decreases the sales.

Chairman BALL. It increases his sales from what he has been taking by just that increased proportion.

Mr. CORBY. No.

Chairman BALL. I doubt whether it would lessen—I should think it would increase the sale of your bread.

Mr. CORBY. It has not worked out that way.

Senator CAPPER. Now, what experience have you ever had along that line?

Mr. CORBY. The experience we have had along that line? Well, our real first big experience was back—somewhere probably 10 years ago. A grocery concern wanted to handle our bread; we sold them, put our boxes in front of his stores, and the next morning when our salesman went around to the regular trade a great many of them told him not to leave any bread whatever, and some of them cut down to just the order they had taken for that day and told him not to leave any the next day. We immediately notified this concern and withdrew our bread boxes and discontinued serving them.

Chairman BALL. Let me ask one question. Do I understand you then that the retail stores of Washington have such an organization that they fix the prices?

Mr. CORBY. No, sir.

Chairman BALL. Of their materials?

Mr. CORBY. No, sir; I don't believe there is any organization, any grocers' organization here in town that is large enough.

Chairman BALL. I mean, do they boycott you if you supply people who undersell them?

Mr. CORBY. Well, how that comes about is: You see, the grocery-men, the majority of them, go down to the market in the morning to buy their produce, and there they discuss things of the day, or the day before, and it doesn't take matters of that kind very long to get

around. What some fellow sees the other fellow doing he follows in the same way. We have had a case within the last month where a man owning two stores simply cut the price of bread, and we had the effect right away in that neighborhood—at least our salesman did—of reducing business at the other stores.

Senator CAPPER. Do you mean to say that because that man cut the price of bread a cent a loaf, fewer people came in there to buy bread; that it reduced the sale of bread? Is that the idea you advance here?

Mr. CORBY. Will you state that again, please?

Senator CAPPER. Do you tell us that because those two stores reduced the price 1 cent a loaf on bread, that fewer people came into those stores to buy bread?

Mr. CORBY. That I don't know.

Senator CAPPER. Well, that would be your line of argument, I think, and that is the only way it could affect your business, that it reduced the demand for that bread.

Mr. CORBY. No; it reduced the demand by the retailer, but his customers might come in and want it, but he would say, "I will not buy Corby's bread."

Senator CAPPER. Well, you had nothing to do with the reduction. He can't blame you at all.

Mr. CORBY. No, indeed.

Senator CAPPER. I can't understand how it could possibly result in a reduced consumption of your bread, if those two stores were selling bread cheaper. If they were selling bread 1 cent lower your argument is that the consuming public in that neighborhood would refuse to buy, and therefore his order for your bread would be reduced and that you would suffer. Now that is the same kind of argument—

Mr. CORBY (interposing). The consuming public? No; the groceries in that neighborhood would stop buying my bread.

Senator CAPPER. Why would the grocer stop buying your bread if the consuming public was using just as much bread, and of course would go where they could get bread a cent lower?

Mr. PETERS. The groceryman could get it from some other baker.

Senator CAPPER. Why should he? You are not in any way responsible for his reducing that price of bread 1 cent. Why should he take it out on you? You have done nothing to in any way interfere with his dealings with the public.

Mr. CORBY. Well, that is what we wonder, why so many people seem to want to take things out on us. We don't just understand it.

Senator CAPPER. You put up the strangest kind of an argument here I ever heard.

Mr. CORBY. Well, I tell you, Mr. Capper, if you were in the business 30 years you would naturally suppose that in that time you would see the conditions and get the atmosphere of the business different than, of course, a person who is just making some inquiries into it.

Senator CAPPER. I can understand why a dealer might kick if you were telling him that he should sell your bread for a little lower price, or what he thought was too low a price. He might have some reason to kick; but why he should kick because he was undertaking to fix his own price and pay what he regarded as a fair price between himself and the consumer—why the dealer should have any kick against you and should reduce his orders is something beyond me.

Chairman BALL. There is but one conclusion that I come to and that is this: By doing that he fixes the retail price of his bread.

Senator CAPPER. He fixes the retail price when he will not supply bread to retailers who will sell it for less than a certain price.

Chairman BALL. Yes.

Senator CAPPER. There can't be any other conclusion.

Mr. CORBY. We received a letter—I am sorry I haven't got the letter with me—from the Piggly-Wiggly groceries here in Washington, stating that if they continue to handle our bread and they sold it at 9 cents and 17 cents, what would we do? We did not answer the letter. If we had answered it and said that it made no difference to us if you sell it at that price, we would be making an agreement with them to sell bread at that price, and if we told him he could not sell it for anything but 10 cents and 18 cents, we would still be making an agreement with him to set the price. We understand that is not permissible and we do not do that.

Chairman BALL. In one way you would be doing it by direct contract or direct agreement; in the other you will not permit it because you refuse to let them sell your bread unless they comply and sell at prices fixed by the other grocers. All that we want to do is to see that there is free competition and no person is fixing the price here for necessary articles of food. I think that is the only reason that this committee was appointed, as I understand it. So far as your own prices are concerned, I should think you had a right to fix your wholesale prices; people who would not buy at that price, well and good, but when it comes to fixing the retail price I don't think you have any right to do it. That is my judgment.

Mr. CORBY. We do not acknowledge that we do fix the retail price.

Senator CAPPER. This matter of cake profits, now let me get that. As I understand it, the profits on cake in 1917, according to the statement you filed here a few months ago, were \$114,010.

Mr. CORBY. When was that?

Mr. PETERS. In 1918.

Mr. CORBY. 1918?

Senator CAPPER. Yes, 1918, were \$114,010. Now in 1919, I believe these figures show they were \$51,000.

Mr. PETERS. Yes.

Senator CAPPER. Your profits on bread in that same period, 1918, were \$180,000, and they increased in 1919 to \$191,000. Now just why there should be that very noticeable falling off in total profits of cake and an increase in the profits on bread?

Mr. CORBY. There is no increase at all in the profits on bread, on the sales. There is a decrease instead of an increase, but there is an increase in profits as a total on account of the volume, as I explained to start with. We did about \$460,000 worth more business, and on that only made \$11,000. Now, if we had not done any more bread business in 1918 than we did in 1919, our profits would have been \$71,000 less, or \$120,000.

Senator CAPPER. But your volume of cake business also increased?

Mr. CORBY. Yes, sir.

Senator CAPPER. Yet there was a decided decrease in the total profits on cake. Why it should go one way on cake and another way on bread, and why you should be advancing the price of bread here at this time when your total profits increased is the question.

Mr. CORBY. The total profits have not increased; the total profits have decreased.

Senator CAPPER. On bread?

Mr. CORBY. On bread and cake combined.

Senator CAPPER. Well, your bread increased from \$180,000 in 1918 to \$191,000 in 1919.

Mr. CORBY. The total profits of the cake and bread are less in 1919 than they were in 1918.

Mr. PETERS. Senator, if we had reduced the price of our bread in 1919 half a cent a loaf—you could not possibly reduce it much less than that—it would have reduced our profits \$171,000 on bread alone, or left us a profit of \$20,000 for the year.

Senator CAPPER. I don't think myself—I think there is no doubt but what there is a slight increase in the cost of the production of bread, but I don't believe it justifies this advance here a few weeks ago when everything else now has a tendency rather down instead of increasing.

Mr. CORBY. I would like to also state, Senator, that the papers here some time ago stated that Corby was profiteering. Our present flour that we have on hand we can sell to-day for \$93,495 more than we paid for it, and we are giving the public the benefit of that. So it thoroughly demonstrates that we are not taking the market price to-day and putting it on to our flour and increasing the price of our bread in accordance with that price.

Senator CAPPER. Still you are demanding a higher price for your bread.

Mr. CORBY. No.

Senator CAPPER. You bought your flour at a price that justified you in selling a 7½ cent loaf?

Mr. CORBY. We are only asking a fair return on our sales.

Chairman BALL. Personally I have no more questions to ask.

Mr. PETERS. I would like to say something in reply to Senator Capper.

Senator CAPPER. This flour that you have on hand you say you could sell at a profit of \$93,000?

Mr. CORBY. \$93,495, as I remember. That is the market price to-day on the flour that we have.

Senator CAPPER. Having bought that flour at that price, do you think you are justified in demanding that the public here pay an increase of 1 cent or 2 cents a loaf?

Mr. CORBY. We are giving the public the benefit to-day over the market price. We are giving it to them right now.

Senator CAPPER. You give it to them by advancing the price.

Mr. CORBY. Oh, no; I beg pardon.

Mr. PETERS. If that flour were bought at the market price to-day, the price of bread would have to be still higher.

Senator CAPPER. What is the market price of flour now?

Mr. CORBY. From \$13.80 to \$15.65.

Senator CAPPER. And I think last year you were paying along about \$12.60.

Mr. CORBY. I don't know what the average was for the year.

Mr. PETERS. Last year?

Mr. CORBY. The crop year, you mean.

Mr. PETERS. You mean when we were here before?

Senator CAPPER. Yes.

Mr. PETERS. \$11.71. I think you will find—I believe it was \$11.50 or something like that, wasn't it?

Senator CAPPER. \$11.54 was the last.

Mr. PETERS. That is some difference.

Senator CAPPER. I think that is all I have.

Chairman BALL. We are much obliged to you, gentlemen.

Will you take the stand, Mr. Holmes?

STATEMENT OF MR. LEWIS HOLMES AND MR. L. S. ULMAN.

(Mr. Holmes was duly sworn by Chairman Ball.)

Mr. HOLMES. I have the vice president of my company here, my son-in-law, Mr. Uman, the vice president and general manager, I would like to have him sworn, too.

Chairman BALL. Very well; we will swear him, also.

(Mr. Uman was sworn by Chairman Ball.)

Mr. Holmes, what is your business?

Mr. HOLMES. I am incorporated in the baking business.

Chairman BALL. What is your capital stock?

Mr. HOLMES. The capital stock is \$300,000.

Chairman BALL. All paid in?

Mr. HOLMES. Yes, sir.

Chairman BALL. That is the total amount invested in your business to-day?

Mr. HOLMES. Oh, no; the surplus is \$288,000.

Chairman BALL. That would make \$588,000.

Mr. HOLMES. Very close to \$600,000.

Chairman BALL. Does your bakery produce anything else except bread?

Mr. HOLMES. Yes; we make pies and cakes.

Chairman BALL. You have a statement there?

Mr. HOLMES. Yes; I have a statement of bread report here.

Chairman BALL. Will you give us that statement? Can you give it for 1914, the prewar?

Mr. HOLMES. We have given you that once before.

Mr. ULMAN. You have that in the record.

Mr. HOLMES. I have a report here for 1919, commencing February 1. It is not quite a full year. You see we run our business in periods of five weeks. Every five weeks we take stock and strike a balance, and I have in here 10 periods commencing February 1 and ending December 13, 1919.

Chairman BALL. What were the profits of the business during that time?

Mr. HOLMES. During the year we sold \$555,446.22 worth of bread. We were scaling that bread and making a pound loaf of bread, scaling it at 17½ ounces and retailing it for 9 cents. Our profits were \$20,741.56.

What percentage was that on sales?

Mr. ULMAN. 3.37 per cent.

Mr. HOLMES. We were making at that time a pound loaf of bread.

Chairman BALL. Have you calculated there your percentage of profit on the total amount invested?

Mr. ULMAN. No, we always figure on sales. It was 3.37 per cent on sales.

Mr. HOLMES. I also have here a report for four periods: January 17—that is, following up right after the last period here—this is for

1920, the period ending January 17, February 21, March 27, and up to May 1. This is the most discouraging report I have ever had since I have been in the baking business. In fact, to tell the truth I have made less money since the war began than I ever made before in my life in bread. I used to make much larger profits on my bread before the war began.

Mr. ULMAN. We retail direct to homes.

Mr. HOLMES. We sell from Holmes to homes.

Senator CAPPER. You don't wholesale at all?

Mr. HOLMES. Well, there might possibly be about 5 per cent, something of that kind—some hotels and cafés and lunch rooms. We don't sell to stores at all.

Chairman BALL. What is your retail price for bread now?

Mr. HOLMES. The retail price now is 10 cents. We advanced bread

Mr. ULMAN. We only advanced 1 cent.

Mr. HOLMES. If I read the latter part of this report, you can see why I did advance. In these four periods—that is, 20 weeks, beginning January 17 and ending May 1—in the first period we made \$298.82 on \$57,726.14 worth of bread. We were scaling then 17 ounces.

In the next period we sold \$57,153.54 worth and lost \$726.54. We were scaling then 17 ounces.

In the next period we sold \$59,933.88 worth of bread and made \$1,974.93. We were then scaling 15½ ounces, so that gave us a little profit. We lost money on the period ahead.

In this last period just closing we sold \$62,328.81 worth of bread and made \$25.26.

Chairman BALL. That was after the advance in price?

Mr. ULMAN. No, it was May 1.

Mr. HOLMES. That was before the advance.

Mr. ULMAN. Scaling 15½ ounces and retailing direct to the homes at 9 cents.

Chairman BALL. You scaled down the size of the loaf?

Mr. ULMAN. To 15½ ounces.

Chairman BALL. Since the advance in price what is the size of the loaf?

Mr. ULMAN. Fifteen and a half ounces.

Chairman BALL. You have continued the same size?

Mr. ULMAN. Yes, sir; we have not reduced the weight of our bread any since that time.

Chairman BALL. What were your profits on your pies?

Mr. ULMAN. We haven't got the profits on pies.

Mr. HOLMES. I didn't bring the profit on pies, because it was not asked for. I was asked to bring a report on bread.

Mr. ULMAN. We are so shot to pieces in our office right now, the girl took this home yesterday to finish it so we could have it here. We made in this last period \$25.26 on \$62,328.81 worth of bread.

Chairman BALL. What percentage of that figure?

Mr. ULMAN. I haven't figured it. I know up to that time we have made nine-tenths of 1 per cent on our bread from January, including March 27.

Chairman BALL. What was the cause of the decrease in your profits? Was it the advance in prices?

Mr. ULMAN. Increased prices of everything.

Mr. HOLMES. Not only the cost of flour and materials that go into bread, but horse feed also. We have 108 horses.

Chairman BALL. Has there been an increase cost in delivery?

Mr. ULMAN. There has been an increased cost—we pay 15 per cent to our salesmen, and the increased cost is figured in the hay, the oats, horses and wagons, harness, expense and everything, and that has gone up to—the last period, for instance, the cost at the door on a pound loaf of bread at our doors was 7.189. That is what it cost before it ever left our doors.

Chairman BALL. And you paid 15 per cent after that?

Mr. ULMAN. We pay 15 per cent. All of our salesmen belong to the union and they demand 15 per cent on retail and 10 per cent on wholesale, and our salesmen or retail salesmen are——

Chairman BALL (interposing). Tell me, how is that 15 per cent counted, on your cost of bread at your door, is it?

Mr. ULMAN. No; they are charged up with the bread at our retail prices.

Chairman BALL. But they are allowed 15 per cent. I wanted to know whether that 15 per cent was on your 10-cent loaf or on your cost at your door, 7 cents.

Mr. ULMAN. No; it is on our 10-cent loaf, the retail price.

Mr. HOLMES. They get a cent and a half.

Mr. ULMAN. That is set by the union. We have nothing to do with that at all. If we got 25 cents a loaf on bread they would get 15 per cent just the same. We have no control over that whatsoever.

Chairman BALL. I wanted to know whether it was on the cost to you at your door or whether it was on the delivered cost.

Senator CAPPER. Do you remember what you were getting for your bread before the war, in 1914?

Mr. HOLMES. We were selling it for 5 cents.

Senator CAPPER. Now, then, it has advanced from time to time to about a cent a pound?

Mr. HOLMES. Yes. I think it went up first to 6 cents. I think in first place they commenced to cut the weight so as to hold the price down to a nickel. Instead of raising the price for quite a while they kept taking a little off of the weight. Now we can bake a loaf so small, and when we get below that you can't bake a decent loaf below 12 ounces. There is too much crust to it.

Chairman BALL. I am chairman of a subcommittee which is to report a bill on the weights and measures of the District here. Now I understand from your testimony that at present there is no regulation as to the size of your loaf of bread? That is entirely within the discretion of the baker?

Mr. HOLMES. Absolutely.

Senator CAPPER. You have to get permission, though, from the market inspector?

Mr. ULMAN. We make a report to him every month and have been doing it right along. We have been doing that every month, not only to him, but to the grain division. They know all about that. We have tried to produce as much bread for the money as we possibly could.

Mr. HOLMES. The report shows that, I think.

Mr. ULMAN. That report shows that. If you would like to listen for a minute or two I will cite just what happened during the war, so far as the Holmes Co. is concerned.

When the armistice was signed we wanted to get back to our pound unit. The Food Administration had an 8 cent retail price on a three-

quarter pound loaf of bread and a 9 cent retail price on a pound loaf of bread. We had lost quite a good deal of volume during the war on account of the substitutes we had to use. We wanted to get our volume back as quickly as possible and also give the public all we could. We had never wanted to make that three-quarter pound loaf of bread, but as a food measure, a conservation measure, we tried to make a 12-ounce loaf go where a pound loaf used to go. So just as soon as the armistice was signed Holmes & Son eliminated all substitutes and went back to the pound loaf of bread and took the loss in the profits. Nobody sells our bread but Holmes. We sell it direct to the homes. We continued that through the last part of 1918 and 1919, scaling 17½ ounces, knowing all the time that we could have continued along with the 12-ounce loaf of bread. We went into 1920 with very low averages of most everything—flour exceedingly low. In the period that ended January 17, where we made \$298.82 on \$57,726.14 worth of bread, we could have sold our flour for \$3.50 above our average price. We continued through. At that time we went to the Food Administrator and asked him if they could not give us some relief. We saw red figures coming, and I wrote him a letter. Just a few days after I wrote him a letter he resigned, and then in about three weeks after that Mr. Figg appointed a fair price committee. That fair price committee after it was appointed took up the bread prices at that time and the bakers were brought before the fair price committee.

Senator CAPPER. When was that that you went to Mr. Figg?

Mr. ULMAN. That was the first part of March—that was in February.

Senator CAPPER. Of this year?

Mr. ULMAN. Of this year; yes, sir. In the period of February 21 we lost \$726.54 on \$57,153.54 worth of bread, and knowing those conditions were going to get worse, we went before the fair-price committee and put the proposition before them. He invited the bakers to Washington, and some of the little bakers said they could not continue in business unless they got relief, and that very soon. We saw the condition; we had lower prices of everything than maybe the small baker, and our flour was a splendid average at that time, because flour had jumped in leaps and bounds, and at that time when we went to him flour was selling from \$14.50 to \$16.95, and we showed an average of \$11.47. Now, we put the case before him. We took a loaf of bread there that we had scaled in between the two weights, and asked him if there couldn't be an increase in price with an increase in weight. Knowing that the labor contracts were up the 1st of May, they said they would rather not do anything until the 1st of May, and then reopen the discussion. Well, we told them then and there that there was a whole lot of us who couldn't live until the 1st of May. That is all there was to it. The prices of raw material were jumping in leaps and bounds; we knew that labor was going to get an increase, and when they did get their increase it was either get an increased price for bread or go out of business.

In other words, with the increased cost of raw material, without an increased cost for labor, I do not believe that our concern could have continued in business; and for your information, I think you will find if you will look it up, the city of Washington up to May 1 sold bread

cheaper than any city in the United States, bar none, and paid more for their labor.

Senator CAPPER. Do you know of any city which has recently advanced the price of bread?

Mr. ULMAN. Yes, sir; quite a few. Chicago, New York, Philadelphia, Baltimore, and the cities—I have got a list here compiled up to April 24 of different cities throughout the country, showing prices effective as of that date—what we are getting in now in some cases is a good deal more—and our labor cost after May 1 went up 48½ per cent.

Chairman BALL. You say you have had that table prepared?

Mr. ULMAN. Yes, sir.

Chairman BALL. Will you submit it for the record?

Mr. ULMAN. Yes, sir. There is our list of weights right there, scaled in the dough.

(The paper referred to is here printed in full as follows:)

State.	Wages.	Retail prices.	Weight, scaled in dough.
		<i>Cents.</i>	<i>Ounces.</i>
California.....	\$28.00-\$40.00	12-17	18½-27½
Colorado.....	23.50-30.00	10-15	12-22½
Kansas.....	18.00-27.00	10-15	14-23½
Massachusetts.....	25.00-31.00	12-17	17-22
Michigan.....	22.50-30.00	12-17	17½-26
Missouri.....	26.00-30.00	10-17	13½-20½
Delaware.....	30.00	12-17	18-27
North Carolina.....	30.00	14-20	19-28
South Carolina.....	20.00-25.00	15-20	17½-26
New York.....	20.00-35.00	10-18	16-24
North Dakota.....	30.00	12-18	17-26½
Texas.....	21.00-32.00	11-17	17-25

Chairman BALL. Mr. Holmes, what are your executive officers?

Mr. HOLMES. Well, I am president of the company and Mr. Ulman is vice president and treasurer and general manager.

Chairman BALL. What salary do you get at present?

Mr. HOLMES. \$25,000.

Chairman BALL. What salary does Mr. Ulman get?

Mr. ULMAN. \$10,000.

Mr. HOLMES. The secretary gets \$3,500.

Chairman BALL. There are only three paid officers?

Mr. HOLMES. Mr. Ulman and I own all the stock. It is a close corporation. I am the principal owner.

Senator CAPPER. Your pie and cake business is more profitable than your bread business?

Mr. HOLMES. Well, I think the cake business has not been, and all through the war I think we showed a little loss on cake—in fact, even before the war.

Mr. ULMAN. We have a very small volume of business in cake.

Mr. HOLMES. Our pies show a smaller profit than bread. I don't know what we will do if the price of sugar doesn't come down. I paid 24 cents for the last sugar I had.

Mr. ULMAN. Here is this bread statement.

(The statement referred to is here printed in full as follows:)

Holmes & Son, Washington, D. C., statement showing bread made and sold; also costs.

Brand.	Pounds made.	Material.		Bakers and helpers.		Operating expenses.		Office expenses.		Other expenses.	
		Cost.	Average per loaf.	Cost.	Average per loaf.	Cost.	Average per loaf.	Cost.	Average per loaf.	Cost.	Average per loaf.
1919.											
February 1.....	496,839	\$22,509.99	\$0.4530	\$2,105.98	\$0.00423	\$3,482.21	\$0.00499	\$294.04	\$0.000590	\$4,091.19	\$0.00823
March 8.....	542,883	23,806.12	.4385	2,491.89	.00459	2,438.77	.00449	394.84	.000726	5,143.03	.00947
April 12.....	607,207	26,139.82	.4344	2,766.51	.00455	2,784.38	.00458	481.57	.000792	4,784.57	.00787
May 17.....	631,939	28,493.21	.4508	3,339.08	.00528	2,538.13	.00401	504.27	.000797	5,288.19	.00836
June 21.....	645,579	29,761.93	.4610	3,632.66	.00547	3,136.04	.00485	476.18	.000737	4,741.49	.00734
July 26.....	632,550	29,171.70	.4611	3,556.85	.00562	3,120.52	.00493	459.70	.000726	5,076.89	.00802
August 30.....	621,129	28,816.77	.4639	3,451.21	.00555	2,778.72	.00447	455.30	.000733	6,170.09	.00993
October 4.....	689,505	31,321.48	.4542	3,774.78	.00547	3,417.86	.00495	510.02	.000739	6,387.98	.00927
November 8.....	713,035	31,904.01	.4474	3,802.88	.00533	2,740.43	.00394	496.22	.000653	6,436.07	.00902
December 13.....	687,642	30,915.14	.4495	3,823.55	.00556	3,023.63	.00439	411.46	.000597	6,591.77	.00958
1920.											
January 17.....	661,745	29,561.02	.4467	3,560.18	.00537	2,764.88	.00417	420.21	.000635	6,371.88	.00982
February 21.....	646,270	30,643.95	.4741	3,506.18	.00542	2,961.20	.00411	503.25	.000778	5,849.38	.00905
March 27.....	640,104	28,004.57	.4376	3,561.16	.00556	4,167.71	.00631	583.03	.000970	5,995.57	.00838
May 1.....	631,761	31,956.48	.5068	3,703.95	.00586	2,877.55	.00408	432.90	.000685	6,007.77	.00950

Holmes & Son, Washington, D. C., statement showing bread made and sold, also costs.

Brand.	Cost to doors.		H. and W. expenses.		Drivers.		Delivery expenses.		Total cost.	Amount received.	Net profit.	Average per loaf (ozs.).
	Cost.	Average per loaf.	Cost.	Average per loaf.	Cost.	Average per loaf.	Cost.	Average per loaf.				
1919.												
February 1.....	\$31,483.41	\$0.6336	\$3,018.79	\$0.00607	\$5,691.21	\$0.1145	\$1,502.33	\$0.00302	\$41,695.74	\$42,600.31	\$913.57	17 1/2
March 8.....	34,274.65	.6313	2,113.89	1.209	5,495.19	.2126	2,100.32	.00426	44,984.05	47,188.07	2,204.02	17 1/2
April 12.....	36,956.85	.6106	3,112.47	.00878	7,555.67	.2331	871.96	.00149	48,496.94	51,708.36	4,711.42	17 1/2
May 17.....	40,162.88	.6355	3,460.05	.00945	8,134.29	.2493	1,754.52	.00288	53,511.74	55,753.84	2,242.10	17 1/2
June 21.....	41,648.30	.6451	3,303.50	.00863	8,331.07	.2390	1,362.82	.00211	54,645.70	57,050.62	2,404.92	17 1/2
July 26.....	41,385.66	.6542	4,179.35	1.190	8,353.01	.2798	1,611.72	.00260	55,529.74	56,532.93	1,003.19	17 1/2
August 30.....	41,672.09	.6709	3,896.51	1.139	7,708.48	.2327	1,476.86	.00238	54,707.97	55,848.37	1,140.40	17 1/2
October 4.....	45,422.12	.6857	4,744.07	1.1249	8,516.06	.1358	1,807.55	.00262	60,489.80	61,940.35	1,350.55	17 1/2
November 8.....	45,349.61	.6360	5,137.11	1.330	9,067.06	.2731	1,815.19	.00259	61,368.97	63,909.47	2,440.50	17 1/2
December 13.....	44,765.55	.6500	4,330.05	1.151	8,828.65	.2423	1,349.76	.00203	59,274.01	61,804.90	2,330.89	17
									534,701.66	555,446.22	20,711.56	
1920.												
January 17.....	42,677.97	.6449	5,121.03	1471	8,177.26	.2698	1,451.06	.00232	57,427.32	57,726.14	298.82	17
February 21.....	43,163.67	.6678	5,181.77	1325	8,142.12	.2347	1,392.52	.00222	57,890.08	57,153.54	1,736.54	17
March 27.....	42,322.14	.6611	5,436.34	1492	8,469.15	.2402	1,701.31	.00210	57,958.95	59,933.98	1,974.93	15 1/2
May 1.....	44,678.65	.7198	7,368.84	2034	8,638.13	.2183	1,617.93	.00260	173,266.35	174,313.56	1,547.21	
									62,303.55	62,328.81	25.26	15 1/2

1 Loos.

Chairman BALL. Is Mr. Dawson here?

STATEMENT OF MR. R. O. DAWSON.

(The witness was duly sworn by Chairman Ball.)

Chairman BALL. Mr. Dawson, whom do you represent?

Mr. DAWSON. I am representing the Piggly-Wiggly Stores (Inc.)

Chairman BALL. What is the capital stock?

Mr. DAWSON. Well, the capital stock of the Piggly-Wiggly Stores is \$250,000 clear, non par value stock.

Chairman BALL. Paid up capital stock?

Mr. DAWSON. Yes, sir.

Senator CAPPER. How many stores have you in Washington?

Mr. DAWSON. Twenty-six at present, open, doing business.

Senator CAPPER. When did you start business here?

Mr. DAWSON. May 6.

Senator CAPPER. And now you deal quite extensively in bread?

Mr. DAWSON. Yes, sir; we sell quite a lot of bread.

Senator CAPPER. At all your stores?

Mr. DAWSON. Yes, sir.

Senator CAPPER. You started in—whom were you buying bread from?

Mr. DAWSON. From the Corby Baking Co.

Senator CAPPER. What were you paying?

Mr. DAWSON. We were paying $7\frac{1}{2}$ and 13 cents.

Senator CAPPER. I suppose you probably sell more of the small size loaf?

Mr. DAWSON. No; I don't think our figures show that.

I would like to say, Mr. Chairman, Mr. Hoff and Mr. Gleason are here with me. I would like to have them sworn, too.

Chairman BALL. Very well.

(Mr. R. Hoff and Mr. W. W. Gleason were duly sworn by Chairman Ball.)

Senator CAPPER. You have something there to show your business in bread?

Mr. DAWSON. Yes; I have compiled some statements here.

Senator CAPPER. Well, briefly, what does it show? Just summarize it.

Mr. DAWSON. Well, it shows that we sold daily about 1,099 loaves of the small and 619 loaves of the large at a cost of \$188.71.

Senator CAPPER. You were paying in the beginning—what were you paying for those loaves?

Mr. DAWSON. Seven cents and 13 cents.

Senator CAPPER. And then that price was advanced later?

Mr. DAWSON. Yes; it was advanced to $8\frac{1}{2}$ and 13 cents.

Senator CAPPER. And you continued to use Corby's bread at the increased price?

Mr. DAWSON. Yes, sir.

Senator CAPPER. Now did you have any difficulty—then you announced a reduction in the price to the consumer, did you not?

Mr. DAWSON. Well, if you will permit me to go back to the beginning, when we opened our stores here we had made an arrangement with the Corby Baking Co. to handle their bread, and as I have said before, the cost was 7 and 13 cents. The day before our opening

we had priced that to sell at 7½ and 14 cents, and a representative of the Corby Baking Co. obtained that information somewhere that we were going to sell at that price, and he came to see me and asked if that was the fact, and I told him it was, and he asked us to sell it at 8 and 15 cents. I asked him what would be the result if we continued; that is, if we opened up for business at 7½ and 14 cents. He intimated that we would not get any bread. Well, that caught us rather short, and there wasn't anything for us to do but to take their bread and sell it at 8 and 15 cents, if we expected to have it for the next day's business. They had distributed their bread boxes to our various stores and arrangements were all made.

We went along that way until May 15, and I wrote the Corby Baking Co. a letter and advised them that we were going to sell their small loaf at 9 cents and their large loaf at 17 cents, which was a cent a loaf under the price that they had asked us to sell at after the advance, and I asked them to reply to this letter by the messenger who carried it to them, and Mr. Greene telephoned me that Mr. Corby was out of the city and would not return until Wednesday, which would have been about—I guess about the 18th and 19th—and asked me to defer any action until that time, which I agreed to do. I told Mr. Greene that I wanted Mr. Corby to answer this letter. He said that he would get in direct touch with me, which he failed to do. So on Saturday of May 22 I cut the price on Corby's bread to 9 and 17 cents, and they were delivered—they failed to deliver it Saturday afternoon in some instances. We were getting three deliveries a day and they failed to make some of the Saturday afternoon deliveries, and Monday morning they collected all the bread boxes.

Senator CAPPER. You sold at 17 and 9?

Mr. DAWSON. Yes, sir; for one day.

Chairman BALL. You received no direct word from them that they would refuse to furnish you bread?

Mr. DAWSON. No, sir; they merely took up the bread boxes.

Senator CAPPER. You felt that you could sell all bread at 17 and 9 cents profitably, on the basis of the wholesale price?

Mr. DAWSON. Yes, sir.

Senator CAPPER. Well, did that put you out of the bread business?

Mr. DAWSON. It did for one day. We got back in the next day. We made another arrangement.

Senator CAPPER. And you are now selling what?

Mr. DAWSON. We are now selling Bond bread from the General Baking Co.

Mr. CAPPER. At what price?

Mr. DAWSON. We are selling it at 13 and 18 cents. The 13 cent loaf, however, is a pound loaf, 16 ounces.

Senator CAPPER. You have no 9-cent loaf?

Mr. DAWSON. No, sir; they don't bake it—they don't wrap it, at least. We can't handle anything but wrapped bread, because the customer waits on himself in that store.

Senator CAPPER. Well, did you make any effort to find out from Corby why he refused to sell bread to you and took the boxes away from you?

Mr. DAWSON. Well, I didn't make any effort to find out why he did it. It was evident why he did it. He refused to answer this letter.

Senator CAPPER. And the day you put that price into effect, he pulled out his bread boxes.

Mr. DAWSON. Yes, sir; the following Monday morning. We put the price into effect on Saturday, and as soon as he found it out on Monday morning the bread boxes were collected.

Chairman BALL. Do they make their collections when they deliver, for bread?

Mr. DAWSON. Yes, sir.

Chairman BALL. So there could be no question as to payments?

Mr. DAWSON. No, sir.

Chairman BALL. That is all. We are very much obliged to you, gentlemen.

We will call Mr. Yonkers of the Sanitary Grocery Co.

STATEMENT OF MR. EDWARD J. YONKERS.

(The witness was duly sworn by Chairman Ball.)

Chairman BALL. Mr. Yonkers, what firm do you represent?

Mr. YONKERS. The Sanitary Grocery Co. (Inc.).

Chairman BALL. How many stores have you?

Mr. YONKERS. One hundred and twenty-seven to-day.

Senator CAPPER. Whose bread are you selling, Mr. Yonkers?

Mr. YONKERS. We are selling Corby's bread and Dorsch's bread.

Senator CAPPER. Mostly Corby's?

Mr. YONKERS. No; about evenly divided.

Senator CAPPER. And what are you paying Corby for his bread?

Mr. YONKERS. We are paying Corby $8\frac{1}{2}$ for the small loaf and $15\frac{1}{2}$ for the large-sized loaf, the wrapped large-sized loaf.

Senator CAPPER. For the $8\frac{1}{2}$ cent loaf now you get 10 cents?

Mr. YONKERS. We are getting 10 cents for Corby's bread; yes, sir. For Dorsch's bread we get $9\frac{1}{2}$ cents. In other words, two for 19 cents.

Senator CAPPER. Now, have you ever had any conversation or any discussion at all with Corby or any of his representatives as to the price at which you did sell his bread?

Mr. YONKERS. No; we have never had any discussion as to that. We have always fixed the price. The margin has been small enough for us in every instance. There was a time years ago when Corby refused to sell us bread, about 1909. We came here in August, 1909. Just previous to that time the old Sanitary Grocery Co. had Corby's boxes placed in front of each store, and we were selling the bread—I was not connected with the company at that time—that was before we bought out the assets of the old company—and I understand that the next morning every grocery in town practically threw Corby's bread back on Corby. He lost the entire day's baking, and after that he was not inclined to sell us bread, and if I remember correctly said he preferred not to do it and refused to do it, so far as I know, as I recollect it. Later on—we struggled along for six months or a year without bread and finally made a connection with Dorsch.

Senator CAPPER. You were having that trouble because you were underselling the current market price?

Mr. YONKERS. We didn't undersell it; no, sir. That was the old firm, the firm that existed. They went into bankruptcy and the present company bought their assets, and that fear has existed

among the bakers, since that time, that should they sell to us and should we cut the price of bread, the other dealers automatically or individually would refuse to buy their bread, would concentrate their efforts on somebody's else bread. We had a great deal of trouble. There was a great deal of feeling at one time, a very strong organization of the retail grocers in Washington who controlled things largely to suit themselves—at least we had a very strong fight here for quite a number of years in order to be able to get certain lines of goods. To-day we can get anything we want—practically everything we want. The stuff is not controlled by agents. In those days it was a very serious matter.

Chairman BALL. Well, is it your feeling that the wholesale bakers try to fix the price, the retail price of bread generally here in the city?

Mr. YONKERS. Well, I don't know as I have any feeling on it, no. I don't think that they try to fix the price. I think that in any line of business there is possibly one man who is perhaps a leader in that line of business, so far as organization, efficiency, and everything goes. In a line like bread there can nobody get any more than anybody else; that is, one baker here out of the 10 or 12 here would not get a cent more for his bread from the retail grocer than the other baker would, and the man who is the most efficient or the man who really controls the situation, if he finds it necessary to raise his price the others certainly will have to. In other words, if a man is able to operate more efficiently and make more profit at a certain fixed price than a man who is operating at a less degree of efficiency, he will set the pace. The other man may be able to just come out even while the more efficient man will make money, due altogether to the operation of the business.

Senator CAPPER. You pay $7\frac{1}{2}$ cents for this small loaf?

Mr. YONKERS. No; $8\frac{1}{2}$.

Senator CAPPER. And sell it for 10 cents?

Mr. YONKERS. We sell it for 10 cents.

Senator CAPPER. Do you think that is a fair profit?

Mr. YONKERS. I think it is under present conditions; yes, sir. We are paying $8\frac{1}{2}$ and selling at 10. All our bread is unwrapped bread. A few years ago I figured out what it cost to wrap 100 loaves of bread, which was at that time 15 cents, for paper, string, etc. At that time paper was worth, say, 3 to 6 cents; to-day it is worth anywhere from 8 to 15. Cotton twine was worth 10 to 15 cents a pound; to-day it is worth 70.

Senator CAPPER. Have you always aimed to make a profit of a cent and a half a loaf on all bread you sell?

Mr. YONKERS. No, sir.

Senator CAPPER. As a matter of fact, you are now getting a larger profit than ordinarily?

Mr. YONKERS. Well, the situation is this: We did not feel that we could sell bread at half a cent a loaf. Now the unit price is $8\frac{1}{2}$ cents on the small loaf. To sell it at a figure at which a profit could be made would necessitate either a 9-cent or a 10-cent price on a single loaf. We are selling Corby's at 10 cents. Most of the bread is sold in single loaves; the greater portion of it. We are selling Dorsch's bread at $9\frac{1}{2}$ or two for 19 cents in order to force the sale of his bread.

Any customer can get just as good bread as the Corby bread at $9\frac{1}{2}$ cents a loaf, or two for 19 cents. Now, the larger loaf, which is a

24-ounce loaf, has obtained a very considerable sale and sells for 17 cents in our stores—Dorsch's bread. Corby's bread we sell at 19 cents.

Senator CAPPER. Then this recent advance really worked to the advantage of the retail dealer and increased his profits, as well as to the advantage of the baker. That is, it was a good move for the retail dealer, and his percentage of profit was really increased?

Mr. YONKERS. The percentage of profit was increased, yes; slightly. It was on the bread where you take a profit of a cent and a half instead of a cent previously.

Now, I have told Dorsch continuously, ever since this advance took place, that if he would figure the cost of his bread down to 8 cents we will sell it at 9. I didn't make that suggestion to Mr. Corby, because I thought perhaps there was more hope of getting it from Dorsch than Corby. There is no trouble to sell Corby's bread. We can get along with Corby's bread exclusively. We couldn't do so with Dorsch's bread. Corby's bread is so well known, the trade merely ask for it. They know they get good bread, while they get just as good bread in Dorsch's, in my opinion, but it is harder to sell it.

Senator CAPPER. I think you said you sell a loaf of Dorsch's at 9½ cents?

Mr. YONKERS. Yes, two loaves for 19 cents.

Senator CAPPER. Why couldn't you sell two loaves of Corby's bread for that?

Mr. YONKERS. Well, we pay Dorsch 8½ cents for the small loaf; we pay Corby 8½. That arrangement with Mr. Dorsch has existed for some considerable time. Before the price advanced we sold Corby's bread, paid him 7 and sold it for 8; we paid Dorsch 6½ and sold it two for 15 cents. Dorsch helped us out in years gone by when we had nobody to get bread from, and we wanted to hold his business as much as we could. Many of our customers think it is no disadvantage if they can buy two for 19 cents.

Senator CAPPER. But you would have practically the same profit selling two loaves of Corby's for 19 cents as you would selling two loaves of Dorsch's for 19 cents.

Mr. YONKERS. Well, yes; that is true, but two years ago we put in Corby's bread, principally from the fact that a great deal of trade wanted it and went elsewhere for it, and we felt that we were losing a lot of business. We have to have two kinds of bread, but as much as we can we are trying to protect and hold as much business for the baker who helped us out in the years when nobody else would sell to us.

Senator CAPPER. As a matter of fact, Corby predominates in the baking business of Washington?

Mr. YONKERS. Well, I will say that I think all the rest of them follow his lead. Now, whether he dominates it or not in any way, I don't know.

Senator CAPPER. It would be pretty hard for any dealers or anyone else to go up against him.

Mr. YONKERS. I think if Corby's price went down the others would be forced to go down also. I think if Corby's price went up, the others would follow. Whether there is any collusion or any agree-

ment or anything of that kind there I don't know. I have no knowledge of that.

Senator CAPPER. You don't know of any agreement among the dealers? Have you ever discussed that with the dealers?

Mr. YONKERS. No; I don't think there is any agreement among the dealers. The Retail Grocers' Association is practically defunct now. They have no organization. The prominent members have gone out of business.

Senator CAPPER. Speaking generally, what is the tendency on prices for foodstuffs now?

Mr. YONKERS. Well, I don't know. I think sugar has reached about as high a point as it possibly can reach. Flour is very high at the present time. Of course, it is anybody's guess as to what it will do when the new crop comes on. Canned goods are also a question, although they are running about 10 per cent higher than they did last year for delivery in the fall.

Chairman BALL. What is responsible for that—scarcity of containers?

Mr. YONKERS. Well, the high price of containers, I think, enters into it, too. Lumber is very high, of course, as you know. Box-making is high. Tin cans are high.

Chairman BALL. Tinware is very scarce, isn't it?

Mr. YONKERS. Yes; I understand that there is going to be a very severe condition there.

Chairman BALL. The canners are all complaining about it. We have letters from them every day that they can't get tin at all.

Mr. YONKERS. Transportation is affecting it, too.

Chairman BALL. The canners say that they are not able to take care of more than half their usual output.

Senator CAPPER. How about meats?

Mr. YONKERS. We don't handle fresh meats. We handle a very small quantity of smoked hams and shoulders. That is about the extent of our meat business.

Senator CAPPER. How do those prices compare?

Mr. YONKERS. There is not much difference from what it was a year ago. Prices are averaging just about the same as they were.

Senator CAPPER. That is one of the things that is very hard to reconcile. The producer out West is getting about 30 or 40 per cent less for his cattle and hogs and sheep and yet down here I don't see very much reduction in the price to the consumer.

Mr. YONKERS. There isn't very much reduction, Senator, in some points, but there is lots of meat being sold over the counter. There are more meat stores doing business in Washington than any time since I have been in town, and they are gradually going to force this meat proposition down, because the business is going to be so divided that the man will simply have to fight for his business. He can't any more say, "I can get so much for this."

The CHAIRMAN. On account of competition?

Mr. YONKERS. Competition is going to force it down. Of course, there is going to be a limit to the price he can make, but it is going to divide the business so much that when people find out they can go there and get just as much meat as they have been getting somewhere else at 10 cents a pound lower, they are going to do it. There is a very large quantity of cheap meat being sold here—not cheap grade meat,

but meat at lower prices than people were once getting them. It is the hardest thing in the world to get it out of people's heads that unless they pay the highest price for stuff they don't get the highest quality. We have fought that thing for 11 years here, and still to-day people think if they don't pay the highest price for overcoats, dresses, or any article of merchandise, they are not getting the best quality.

Senator CAPPER. That changing meat situation here is really about the most encouraging thing happening for the consumer.

Mr. YONKERS. Meat stores are going in everywhere in Washington. Almost every week there are two or three new ones, it seems to me.

Senator CAPPER. Now, if we could get some such situation as to bread, don't you think that there would come a change?

Mr. YONKERS. Well, I think that there is going to be a limit on all of this thing here. Of course just at this time flour has made a very serious advance—a very radical advance. It has receded somewhat but is about stationary at this time. Sugar, of course, we all know what that is. And the labor situation has made a very great advance in the cost of manufacturing.

Senator CAPPER. What are you getting for sugar now?

Mr. YONKERS. We are retailing it at 23 cents.

Senator CAPPER. Are you having any trouble to supply your customers?

Mr. YONKERS. Yes; we are. We are not getting nearly as much sugar as we ought to have. We are getting a little here and there. It is impossible to buy any sugar—that is, to buy any sugar through the ordinary channels of trade as formerly existed previous to last summer. The only way you can get sugar from a refiner is on allotment. He will notify you he has allotted you 100 barrels or 300 barrels, or something like that. Most of our sugar has been bought through agencies outside of the regular channels—that is, through sugar speculators or men who had bought sugar, raw sugar and have had it refined on toll and are sending it to the refiners in that way.

Senator CAPPER. You buy from the refiners?

Mr. YONKERS. We do; yes, sir. That is our source of supply in ordinary times.

Chairman BALL. That is all. Thank you, Mr. Yonkers.

We will now hear Mr. Greer.

STATEMENT OF MR. ALBERT J. GERRER, WASHINGTON, D. C.

(The witness was duly sworn by Chairman Ball.)

Chairman BALL. What is your position, Mr. Gerrer?

Mr. GERRER. At present I am in the surplus property division of the War Department. During the war I was chief of the fuel and forest branch.

Senator CAPPER. Just tell us what you know about the bread business, especially as to the tendency at the present time in the local market here. Give us the benefit of your information that you have gotten in the War Department and previous to your connection with the War Department.

Mr. GERRER. I would like to state first of all that I have been in this business since I was 10 years old and have practical knowledge of the business generally, the food situation.

Now, I would like to make a little statement first. For instance, it is a difficult question to arrive at the cost, if you allow everything to come into the cost. I would say now that this room, decorated with frescoes and mural decorations, would be too expensive a room in which to make a loaf of bread. The same thing can be said of a great many of the bakeries of to-day. I know bakeries with tiled fronts, the finest expensive furniture; the object was to build them so that they could make a big show, and they spent a mint of money, and, of course, all of this is added to the cost of the commodity they produce. There is too much unnecessary added expense. The organization is not in keeping with the commodity that they manufacture, namely, a loaf of bread. It has gotten clear beyond the practical part of the business. It is top-heavy—too expensive. For instance, I don't think that any president of any baking company in the United States is worth four or five thousand dollars a year. He is a nonessential in the business. There is no use for him at all. Of course, that is saddled onto the cost of the bread, which is not right. It doesn't belong there.

Now, then, they have watered stock. The water should be squeezed out and they should have about one-third of the organization they usually have.

Senator CAPPER. Do you know anything of the local conditions here, as to the Corby Co., for instance?

Mr. GERRER. I have never been out to the Corby plant. I don't know what their plant has, but from the amount of salary that they are drawing there I know it is not in keeping with what they are producing. I have heard several statements about flour. I don't know where they get these prices. I am in touch with prices every day, and I can buy the best patent flour, Kansas flour laid down here for \$12.80 a barrel, 200 pounds full weight, delivered right here. I have a letter in my pocket to that effect.

Chairman BALL. They quoted \$13.80.

Mr. GERRER. The bakers here?

Chairman BALL. Yes.

Mr. GERRER. Well, that is out of line. It is not worth that. That is not the market price. Probably some particular mill might ask that. I find one trouble here that they cling to just about two brands of flour; whereas there are hundreds of mills making just as good and better flour, but they don't seem to want to search for a cheaper—that is, a different flour; they don't go to the trouble to investigate and see where they can get a cheaper flour.

The price can always be figured, according to our War Department Manual, at a cent and a half below the cost of flour per pound, 16 ounces—and right there I want to say bread should be sold by weight, actual weight.

Senator CAPPER. Shouldn't there be a unit or a standard loaf?

Mr. GERRER. There should be a pound loaf. A loaf of bread should weigh a pound; no fraction thereof; it should weigh just 1 pound.

Chairman BALL. There is a bill before a committee now; it has passed the House, that fixes the weight of a loaf of bread.

Mr. GERRER. That would protect the public.

Based on 1 barrel of flour, 200 pounds, the total weight, all ingredients added, including water, brings it to 348½ pounds for bread making, which will make 429 loaves of 12-ounce bread when baked. The cost of

this, including \$2 for labor, will be \$18.25. At 8 cents a loaf it will bring \$34.32, which would leave a net profit of \$16.07, or a total cost of 4.26 per loaf. That is including \$2 for labor.

Now here is a mix made according to the way butter nut and butter krust and all those fancy breads are made, based on one and one fourth barrels, with all ingredients added it would make 426 pounds. The total cost of material, including \$2.50 for labor, will be \$25.80. Now that will make 524 loaves of bread, 12 ounces when baked. At 8 cents a loaf that brings \$41.92. Deducting the cost leaves \$16.12 profit, or a cost per loaf of 4.92 cents. This can still be reduced by \$2 on the barrel by the bakery making their own yeast and ferment and making it after the old sponge system

These prices are based on \$14.50 for flour per barrel.

Now going back, originally baking was supposed to be done where one family out of a community would do the bread baking and divide it up. It has gotten to a point to-day where the system is wrong. They have too much expense. The delivery system is wrong; the whole organization, everything is wrong. Of course that has not come on in one day. It started back 25 years ago and has gradually worked up until, as Mr. Corby said this morning, it took 30 years to build this up, and to-day the people in Washington are paying for that 30 years, paying mighty dear for it. Now, there should be no less than 200 bakeries in Washington, 500 would be better. In other words, the corner grocery should be the baker. That would eliminate delivery expense, it would eliminate your middleman, eliminate all that.

Chairman BALL. The evidence here goes to show that it required 10 per cent of the cost to deliver from the wholesaler to the retailer.

Mr. GERRER. That is too much.

Chairman BALL. That is the fixed price.

Mr. GERRER. That is one loaf of bread out of 10 you are giving for delivery. You know there is something wrong there. These large bakeries are the cause of all this; something will have to be done, because if it continues this way the price of a loaf of bread will be about six times the price of a pound of flour.

Chairman BALL. Do you think there would be a decrease in the cost of bread if people would bake more of their own bread?

Mr. GERRER. Well, it would be difficult to bring that about. The families have gotten away from it. Of course they are doing more baking than they were. There are more biscuits being made and there is more bread being made; and I have often thought the best thing that could happen to these bakers, that if they should have to close down it would be a blessing for the general public if they did close down for a week or two or a month. I think it would bring them around to their senses and they would find some other way of reducing this extravagance.

Chairman BALL. You think really the best solution of the problem is that the retailers, or rather the stores, should have their own bakeries?

Mr. GERRER. Exactly. When a bakery gets beyond 10,000 loaves of bread a day it is too expensive to operate. When they get that size they have a president, a vice president, a secretary and treasurer, an auditor and an auditing system and a delivery system. All that

is added to the cost of a little measly loaf of bread and brings it up too high. As I said before, it is not in keeping with the thing they are producing, namely, a loaf of bread.

Senator CAPPER. You think now you have given us all the information you have?

Mr. GERRER. Well, just an inkling; of course it is a big subject. A man could talk on it very readily for a long time to bring out all the little things.

Senator CAPPER. I think there is a good deal in what you say, that their present system of making and distributing bread to the consuming public costs the consumer too much.

Mr. GERRER. It is absolutely too expensive.

Senator CAPPER. As a matter of fact, wouldn't they be a good deal better off if more of them baked their own bread?

Mr. GERRER. Yes; I said that while you were gone. The corner grocery should be the bakery.

Chairman BALL. I take it that the reason that the private families do not make more of their own bread is on account of the help. It is impossible to get sufficient help.

Mr. GERRER. Not so much so as that they are not fixed for it. In these apartment houses their ranges are not the best, and it is pretty hard to bake in some of the ranges that these apartment houses furnish; although I know that there is a great deal of bread and biscuits made in all the apartment houses of Washington, and there should be more made.

Chairman BALL. We are very much obliged to you, Mr. Gerrer.

The committee will stand adjourned subject to call of the chair, provided the other members who are absent desire to go into the hotel charges.

(Whereupon, at 12 o'clock noon, the committee adjourned to meet at the call of the chairman.)

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